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May 29, 1981

MAY 1981 MONTHLY SURVEY

Surveys of Consumer Attitudes

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CONFIDENCE IN GOVERNMENT RAISES OPTIMISM

** In the May 1981 survey, the Index of Consumer Sentiment was 76.3, up 3.9 Index points from April, and nearly 25 points above the 51.7 recorded in May 1980 (the cyclical lowpoint).

** Among families with incomes of $25,000 or more the Index was 85.0 in May, up from 78.0 in April, and up nearly 32 Index points from the year-earlier reading. The May improvement was greatest among respondents of the Western region, where the Index was 82.2, while a decline of 5.8 Index points was recorded among residents of the Northeast region.

** Business expectations grew more optimistic in the May survey, but nonetheless remained on balance unfavorable. From May 1980 to May 1981, the proportion that reported worsening business conditions fell from 90 to 52 percent, and the proportion that expected bad times financially during the next 12 months fell from 82 to 49 percent.

** In the May survey, more respondents rated government economic policy as favorable than at any other time during the past decade. The current proposals to reduce federal taxes and spending were expected to improve consumers personal financial situation (41 percent), as well as the economy in general (56 percent). Among families who expected tax reductions, the median expected increase in take-home pay was $50. Nearly as many families planned to save (41 percent) as to spend (46 percent) the additional income. Approximately these same results were obtained in 1963, except at that time a greater share of the planned spending was for new purchases, whereas in 1981 most of the planned spending was aimed at restoring balance to inflation-ravaged budgets.

** Reports of past price increases fell in the May 1981 survey, which led to more favorable evaluations of their current financial situation. Seventy percent of all families expected nominal income increases during the next 12 months, and among those who expected increases, the median increase was 9.9%. Coupled with lower rates of expected inflation, real income expectations grew more favorable.

** Interest rates continue to dominate attitudes toward buying conditions for houses in May 1981. Unfavorable house buying attitudes increased to 72 percent from 69 percent in April. Whereas consumers' evaluations of overall market conditions for houses has remained at or near record low levels during the past year, evaluations of the household durable and automobile markets are significantly improved over year-ago levels.

* * *

The May 1981 survey indicates that consumer optimism has grown substantially, mainly due to the expected impact of Reagan's economic proposals. Although these proposals, if adopted, would reinforce and further spread these favorable expectations, greater improvement in the current financial situation of consumers is needed before a vigorous recovery in consumer sales can take place.

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Improvement in Personal Finances

The May 1981 survey recorded a significant improvement in consumer evaluations of both their current and their expected personal financial situations. Among all families, 31 percent reported in May 1981 that they were better off financially than a year earlier, up from 25 percent in April, and 26 percent in May 1980. The proportion of families that reported being worse off financially fell to 36 percent in May 1981, from 46 percent in April, and 47 percent in May 1980. When asked how their financial situation had changed during the past year, consumers made more frequent favorable references to income changes: the proportion who reported income increases rose to 31 percent in May 1981, from 22 percent in April, while the proportion mentioning income declines fell from 17 to 14 percent. In addition, fewer consumers mentioned the adverse impact from inflation on family budgets in the May 1981 survey (34 percent) than one year earlier (41 percent).

Consumers have grown more optimistic about future changes in their financial situation, and by May 1981 twice as many expected improvement rather than deterioration in the year ahead. This stands in sharp contrast with the year earlier reading, when as many consumers expected deterioration as improvement. Among all families, the proportion that expected improved finances rose to 34 percent in May 1981, up from 30 percent in April, and 27 percent in May 1980. The proportion of families that reported expectations of a worsening financial situation fell to 16 percent in May 1981, down from 19 percent in April, and 27 percent in May 1980.

The improvement in personal financial expectations has been due to more favorable nominal income expectations, along with declines in the expected rate of inflation. Among all families, 36 percent reported that they expected their nominal family income to increase by 10% or more during the next year, up from 29 percent in April, and 30 percent in May 1980. As shown in the following table, the median income increase expected among all families was 6.4% in May 1981, up significantly from the 4.5-5.2% range recorded during the prior four years. The recent increase in the overall median was mainly due to an increase in the proportion of families that expected nominal income gains (from 63 percent in 1980 to 70 percent in 1981). Among families who expected income increases, the median expected increase was 9.9% in 1981, only marginally above the 9.7% recorded in 1980.

Because of the concurrent decline in price expectations, real income expectations have improved considerably. Among all families in the May 1981 survey

19 percent expected real income increases during the year ahead, up from 13 percent in April and 12 percent in May 1980. The proportion that expected a decline in real income fell to 38 percent in May 1981, down from 45 percent in April, and 51 percent in May 1980.

TABLE A

MEDIAN PERCENTAGE INCREASES EXPECTED
IN NOMINAL FAMILY INCOME

May Surveys	All Families	Families Who Expect Increase	
	Median	Percent Total	Median Increase
1977	4.5%	63%	6.9%
1978	4.7	63	7.3
1979	5.0	61	9.2
1980	5.2	63	9.7
1981	6.4	70	9.9

Business Conditions Expected to Improve

The mix of news items heard of recent changes in business conditions has become more favorable during the past several months, although it still remains on balance negative. In May 1981, news of unfavorable developments exceeded favorable changes by a margin of 45 to 31 percent; this stands in sharp contrast to the overwhelmingly negative margin of 97 to 10 percent recorded in May 1980. In comparison with last year, many fewer respondents reported news of increasing unemployment (14 percent versus 40 percent). In the May 1981 survey, overall evaluations of current business conditions while by no means optimistic, stood in sharp constast to the widespread pessimism recorded at this time last year. In May 1981, 30 percent of all families reported that business conditions had improved during the past year, up from 24 percent in April, and just 6 percent in May 1980. The proportion reporting that current business conditions had worsened during the past year stood at 52 percent in May 1981, down from 57 percent in April, and 90 percent in May 1980.

The outlook for business conditions during the year ahead remained at the much improved levels first established in late 1980. Among all families, 36 percent expected improved business conditions during the year ahead, up from 21 percent in May 1980. The proportion that expected worsening business conditions fell to

19 percent in May 1981 from 39 percent in May 1980. The proportion that reported past and expected declines in business conditions fell to 12 percent in May 1981, just one-third of the 36 percent recorded a year earlier. Similarly the proportion that expected cumulative improvements in business conditions rose to 14 percent in May 1981, up from just 1 percent in May 1980.

Good times financially in the economy as a whole during the next twelve months were expected by 41 percent of all families in May 1981, up from 36 percent in April, and just 13 percent in May 1980. The proportion that expected bad times financially fell to 49 percent in May 1981, from 53 percent in April, and 82 percent in May 1980. The outlook for long-term business conditions also improved, with 33 percent of all families expecting good times financially during the next five years in the economy as a whole, up from 30 percent in April, and 15 percent in May 1980.

Growing Confidence in Economic Policies

When asked why they expected business conditions to improve or worsen, 25 percent of all respondents spontaneously and favorably referred to the expected impact from Reagan's economic proposals. Although down somewhat from the 31 percent recorded in April 1981, these favorable references to government economic policies remain the dominant factor behind the improved business expectations.

In the May 1981 survey, overall confidence in government economic policy to combat inflation and unemployment reached its highest level in more than a decade. Among all families, 30 percent favorably rated current government economic policy, up from 28 percent in April, and just 5 percent in May 1980. Unfavorable evaluations of government economic policy fell to 16 percent in May 1981, from 20 percent in April, and 45 percent in May 1980. Since 1970, when this specific question wording on confidence in government economic policy was first used, no survey recorded more than 26 percent which favorably rated government economic policy prior to the Reagan administration.

In the May 1981 survey, 50 percent of all families expected Congress to pass into law reductions in personal income taxes, largely unchanged from the 49 percent recorded in April 1981 (see Table B). The special questions concerning Reagan's economic proposals highlighted in the April report, were also included in the May survey. A comparison of responses in both the April and May surveys found little month-to-month variation. Tables C-F reproduces much of this earlier analysis for the combined April-May 1981 surveys. In the following paragraphs, this analysis is reviewed.

Respondents were asked what impact they expected from the proposed reductions in federal spending and taxes on both their own financial situation as well as on business conditions in general. Among all families, 41 percent expected their personal financial situations to improve, and 56 percent expected business conditions to improve if the current economic proposals were adopted. Very few respondents expected an unfavorable change in either their personal financial situations (5 percent) or in business conditions (7 percent) if these proposals were adopted. Rather, respondents more frequently thought passage of these proposals would not make much difference to their personal financial situations (50 percent) or business conditions (30 percent). It is interesting to note that respondents who expected Congress to actually pass tax reductions viewed the impact of these proposals more favorably on both their personal finances and general business conditions (Table C).

Respondents were also asked about the influence these proposals might have on the rate of inflation. Among all families, 45 percent reported that they expected these proposals to lower the rate of inflation (Table D). Also, the passage of these proposals was more frequently expected to leave the rate of inflation unaffected (36 percent), rather than increase the rate of inflation (11 percent). Among those who expected these proposals to lower the rate of inflation, approximately half also thought that unemployment would also be lower, while the other half expected the lower inflation rates to be accompanied by the same or even higher levels of unemployment. Interestingly, families who actually expected passage of tax reductions more frequently expected lower inflation rates (54 percent) than those who did not expect passage (38 percent), with nearly the entire increase occurring among those who expected both inflation and unemployment to be lower.

Respondents were asked to estimate the increase they expected in their take-home pay if the reduction in personal income taxes is adopted, and how they planned to use the money. Among all families, 46 percent expected their monthly take-home pay to increase, while 40 percent expected no change (Table E). Among those who expected an increase, the median expected increase in monthly take-home pay was $50. When asked about their planned use of this money, 25 percent had spending plans, 21 percent intended to repay debt, and 41 percent said they intended to save or invest the money. Most of the planned expenditures were to repair inflation ravaged budgets, rather than to make new purchases. Interestingly, those who did not expect the enactment of the tax cuts were more likely to report that they would use the money for debt repayment.

A comparison with prior studies conducted before the 1964 tax cut indicates no difference in consumer reactions to the potential tax cuts (Table F). Approximately the same proportions reported savings plans in both 1963 and 1981. Spending plans, however, differed significantly in their composition--most of those with spending plans in 1963 reported intentions to make new purchases, while spending plans in 1981 were to help meet current expenses and repay bills, rather than for new purchases. This may reflect the harsh impact inflation has had in recent years.

Price Expectations Remain at Lowered Levels

The May 1981 survey recorded a significant decline in perceptions of current rates of inflation compared with a year earlier. In the May 1981 survey, consumers reported an average increase of 12.9% in the prices of the things they bought during the past year, a significant decline from the 15.9% recorded in May 1980. The proportion who thought the rate of inflation during the past year was 15% or higher fell to 27 percent in May 1981, from 37 percent in May 1980.

The rate of inflation expected during the year ahead has remained in the 7-8% range since early 1981. In the May 1981 survey, consumers expected prices to increase on average by 7.6%, down from 8.1% in April, and 8.2% in May 1980. From May-December 1980, price expectations generally remain in the 8-9% range, falling to the 7-8% range in early 1981.

Unemployment expectations have remained largely unchanged during the past several months, at much improved levels compared with last year. In May 1981, 36 percent expected increased unemployment in the year ahead, just half the level recorded in May 1980 (72 percent). Twice as many consumers expected unemployment to remain at the same high level in the year ahead in May 1981 (46 percent) than in May 1980 (23 percent). In contrast, many fewer consumers expected declines in unemployment in May 1981 (17 percent), although more frequently than a year earlier (5 percent).

Higher interest rates were more frequently expected in the May 1981 survey (41 percent) than either one month (31 percent), or one year earlier (26 percent). The proportion that expected interest rate declines during the year ahead fell to 26 percent in May 1981, from 38 percent in April, and 52 percent in May 1980.

High Interest Rates Stifle Buying

Attitudes toward buying conditions for large household durables were somewhat less favorable in the May 1981 survey than one month earlier, but significantly

more favorable than the year earlier readings. Among all families, 50 percent favorably rated buying conditions for large durables, down somewhat from 54 percent in April, but significantly above the 35 percent recorded in May 1980. Similarly, unfavorable evaluations stood at 39 percent in May 1981, compared with 33 percent in April, and 58 percent in May 1980. The recent small unfavorable shift in attitudes was due to the changing influence of prices: fewer respondents reported the availability of good buys at low prices, and more frequently reported postponement due to high prices. The overall improvement recorded during the past year was due to fewer mentions of postponement due to high interest rates, falling to 18 percent in May 1981, from 31 percent in May 1980.

Attitudes toward market conditions for automobiles posted a marginal gain in the May 1981 survey, and remained significantly more favorable than year earlier readings. Among all families, 44 percent rated buying conditions for autos as favorable in the May 1981 survey, just above the 42 percent recorded in April, and 29 percent in May 1980. The proportion holding unfavorable attitudes toward buying conditions for autos remained unchanged in the May survey from one month earlier at 49 percent, significantly below the 61 percent recorded in May 1980. The proportion that mentioned high interest rates with regard to the automobile market fell to 17 percent in May 1981, from 22 percent in April, and 29 percent in May 1980.

Attitudes toward buying conditions for houses declined somewhat in the May 1981 survey from one month earlier, but unlike market conditions for household durables and autos, house buying attitudes have remained near the record low levels first recorded one year earlier. Among all families, 72 percent rated buying conditions for houses as unfavorable in May 1981, up from 69 percent in April, and just below the 74 percent recorded in May 1980. Whereas the negative impact of high interest rates has declined with regard to buying conditions for durables and autos, high interest rates continue to be mentioned nearly as frequently in May 1981 (71 percent) as one year earlier (75 percent).

* * *

The May 1981 survey contained 667 interviews, conducted between April 20 and May 20, 1981.

TABLE B

EXPECTED PASSAGE OF TAX REDUCTIONS

Expect Tax Reduction?	Oct. 1980	Nov. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981
Yes	25%	46%	41%	58%	58%	49%	50%
No	64	42	43	29	32	40	41
Uncertain; don't know	10	11	15	11	8	8	6
Not ascertained	1	1	1	2	2	3	4
Total	100%	100%	100%	100%	100%	100%	100%

The question was: "Do you think personal income taxes will actually be reduced or rebated in the next 12 months--I mean, will Congress pass such a law?"

TABLE C

EXPECTED IMPACT OF TAX AND SPENDING REDUCTIONS

(April-May 1981)

Change Expected IF Proposals Adopted	Personal Finances			Business Conditions		
	All Families	Expect Tax Cut? Yes	No	All Families	Expect Tax Cut? Yes	No
Better off	41%	48%	36%	56%	67%	49%
Not much difference	50	46	56	30	24	39
Worse off	5	3	6	7	5	9
Don't know	2	3	1	4	3	2
Not ascertained	2	*	1	3	1	1
Total	100%	100%	100%	100%	100%	100%
Cases	1224	631	483	1224	631	483

The questions were: "If the current proposals to reduce both taxes and government spending were adopted, do you think you (and your family living there) would be better off financially, worse off financially, or wouldn't it make much difference? AND "If these proposals (to reduce both taxes and government spending) are adopted, do you expect that business conditions in the country as a whole would be better or worse than they are at present, or wouldn't it make much difference?"

TABLE D

EXPECTED IMPACT ON INFLATION FROM TAX AND SPENDING REDUCTIONS

Change Expected IF Proposals Adopted	April-May 1981 All Families	Expect Tax Cut? Yes	No
Inflation rate lower	45%	54%	38%
Both inflation & unemployment lower	24	32	17
Only inflation rate lower	21	22	21
Not much difference	36	34	42
Inflation rate higher	11	8	15
Don't know	5	4	4
Not ascertained	3	*	1
Total	100%	100%	100%
Expected Rate of Inflation if Reductions Adopted			
Lower	7.4	6.6	8.8
No difference	8.3	7.6	8.2
Higher	11.1	6.1	13.1

The questions were: "If these proposals (to reduce both taxes and government spending) were adopted, would you expect that the rate of inflation would be lower or higher than it is at present, or wouldn't it make much difference?" IF LOWER: "Do you think that both inflation and unemployment would be lower if these proposals were adopted, or would these proposals only help reduce inflation?" AND "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" IF GO UP OR GO DOWN: "By about what percent do you expect prices to go (up/down) on the average, during the next 12 months?"

TABLE E

EXPECTED CHANGE IN MONTHLY TAKE-HOME PAY
IF PERSONAL INCOME TAX REDUCTIONS ARE ADOPTED

Expect Take-home Pay to...	April-May 1981 All Families	Expect Tax Cut? Yes	Expect Tax Cut? No
Increase	46%	51%	44%
Stay the same	40	38	45
Decrease	2	1	2
Does not pay taxes	6	6	6
Don't know	2	2	2
Not ascertained	4	2	1
Total	100%	100%	100%
Cases	1224	631	483
Expected Increase in Monthly Take-home Pay			
Median	$50	$45	$50
Mean	80	78	83
Planned Use of Increase in Take-home Pay			
Spend	25%	29%	23%
New purchases	8	9	8
Current expenses	17	20	15
Repay debt	21	16	28
Save, invest	41	45	40
Both spend and save	4	5	5
Don't know, not ascertained	9	5	4
Total	100%	100%	100%
Cases	1224	631	483

The questions were: "If the personal income tax reductions were actually passed, would you expect your monthly take-home pay to increase, stay the same, or what?" IF INCREASE: "About how much more money would you expect to take home each month?"

"What do you think you would do with this money--spend it, save it, invest it, repay debts, use it for a down-payment on something, or what?"

TABLE F

COMPARISON OF EXPECTED USE OF REDUCTION IN TAXES

(April-May 1981)

	1963	1981
Spend	31%	25%
Repay debt	12	21
Save, invest	44	41
Both spend and save	9	4
Don't know, NA	4	9
Total	100%	100%

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TABLES AND CHARTS

JUNE 1981

The June 1981 survey is the 153rd in a series of survey of consumer attitudes conducted during the last 30 years. The purpose of these surveys is to measure changes in consumer attitudes and expectations, and to increase understanding of why these changes occur and how they affect consumer decisions to make discretionary purchases or to save. This type of understanding is an essential ingredient for forecasting changes in aggregate consumer behavior.

Two charts are presented for most questions. One gives quarterly results from 1955 to the last quarterly observation. A second chart shows monthly results since January of 1978, when this series was instituted, along with a simple three month moving average, plotted on the last of the three months.

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THE INDEX OF CONSUMER SENTIMENT

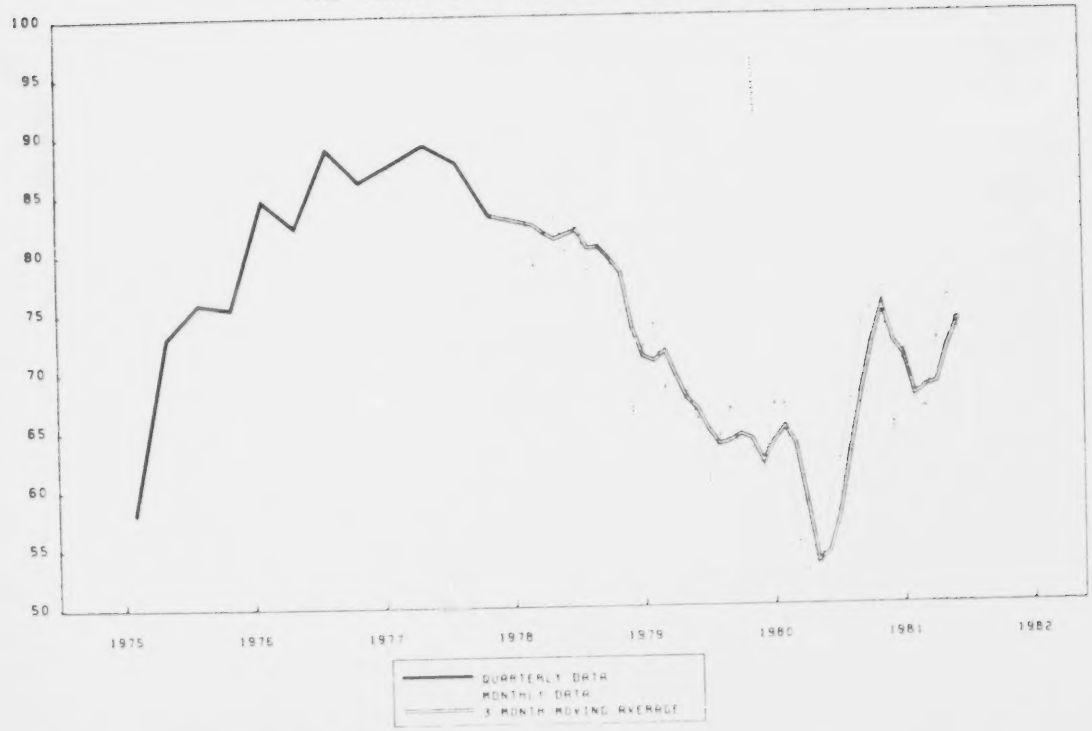

CHART 1 - HISTORICAL SERIES

THE INDEX OF CONSUMER SENTIMENT

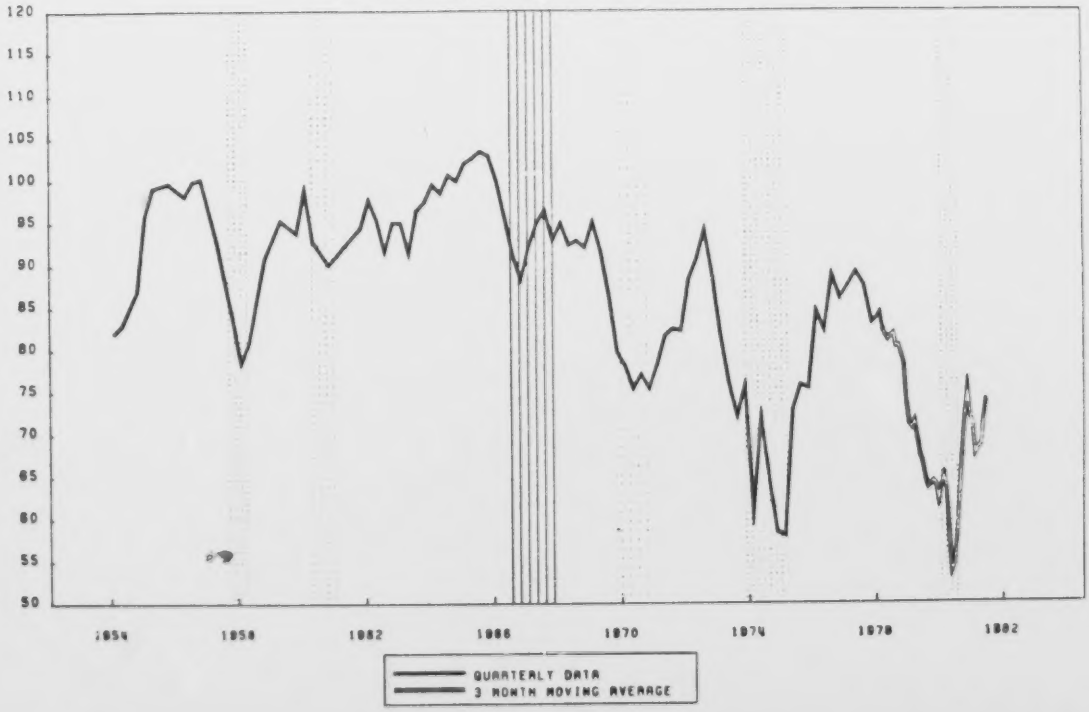

TABLE 1

THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	All families	Families with incomes over $20,000	Families with incomes over $25,000
June 1978	80.0	92.7	94.6
July 1978	82.4	91.7	92.4
August 1978	78.4	85.1	85.4
September 1978	80.4	87.2	87.2
October 1978	79.3	88.1	89.1
November 1978	75.0	81.0	83.0
December 1978	66.1	73.8	76.8
January 1979	72.1	83.7	84.8
February 1979	73.9	84.3	86.6
March 1979	68.4	75.3	73.6
April 1979	66.0	73.7	77.0
May 1979	68.1	73.5	76.7
June 1979	65.8	71.8	72.9
July 1979	60.4	67.2	68.0
August 1979	64.5	70.0	71.3
September 1979	66.7	71.6	74.4
October 1979	62.1	65.6	65.5
November 1979	63.3	68.3	69.9
December 1979	61.0	66.2	73.2
January 1980	67.0	70.8	70.9
February 1980	66.9	70.8	73.5
March 1980	56.5	62.3	64.5
April 1980	52.7	54.2	57.2
May 1980	51.7	55.2	53.3
June 1980	58.7	61.6	63.7
July 1980	62.3	67.6	67.3
August 1980	67.3	70.9	74.2
September 1980	73.7	78.1	78.5
October 1980	75.0	76.3	78.7
November 1980	76.7	82.7	87.5
December 1980	64.5	66.9	68.6
January 1981	71.4	74.8	77.1
February 1981	66.9	74.2	77.5
March 1981	66.5	72.1	73.7
April 1981	72.4	77.1	78.0
May 1981	76.3	80.8	85.0
June 1981	73.1	81.2	82.9

Chart 2A

INDEX OF CONSUMER SENTIMENT WITHIN AGE SUBGROUPS

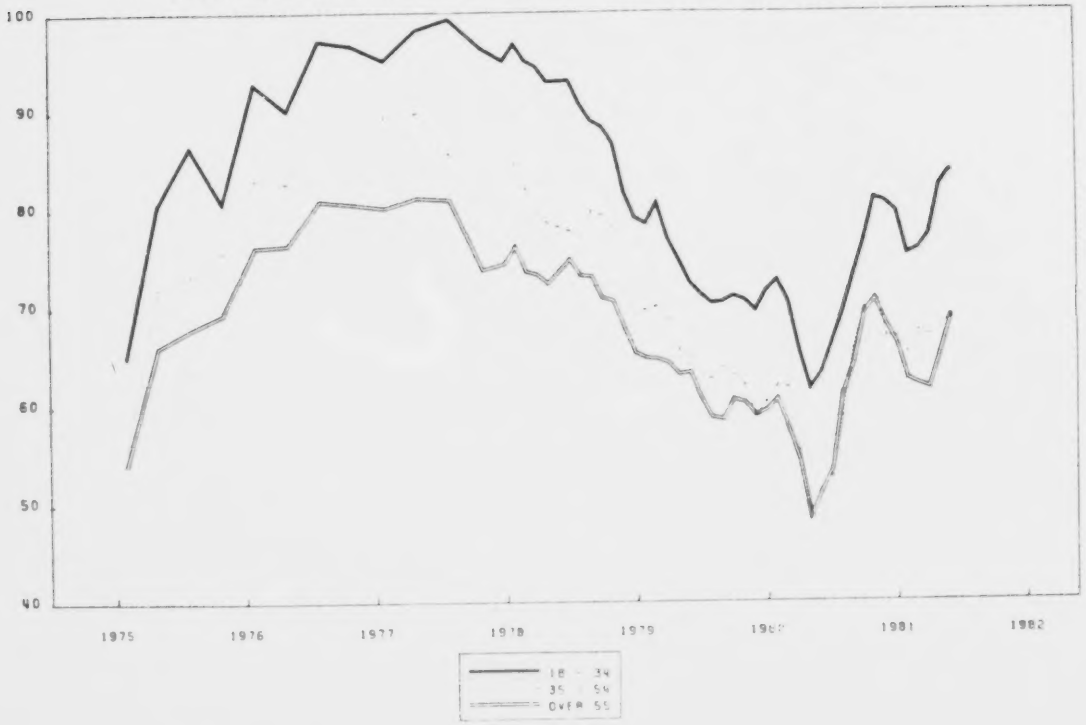

CHART 2B

INDEX OF CONSUMER SENTIMENT WITHIN REGION SUBGROUPS

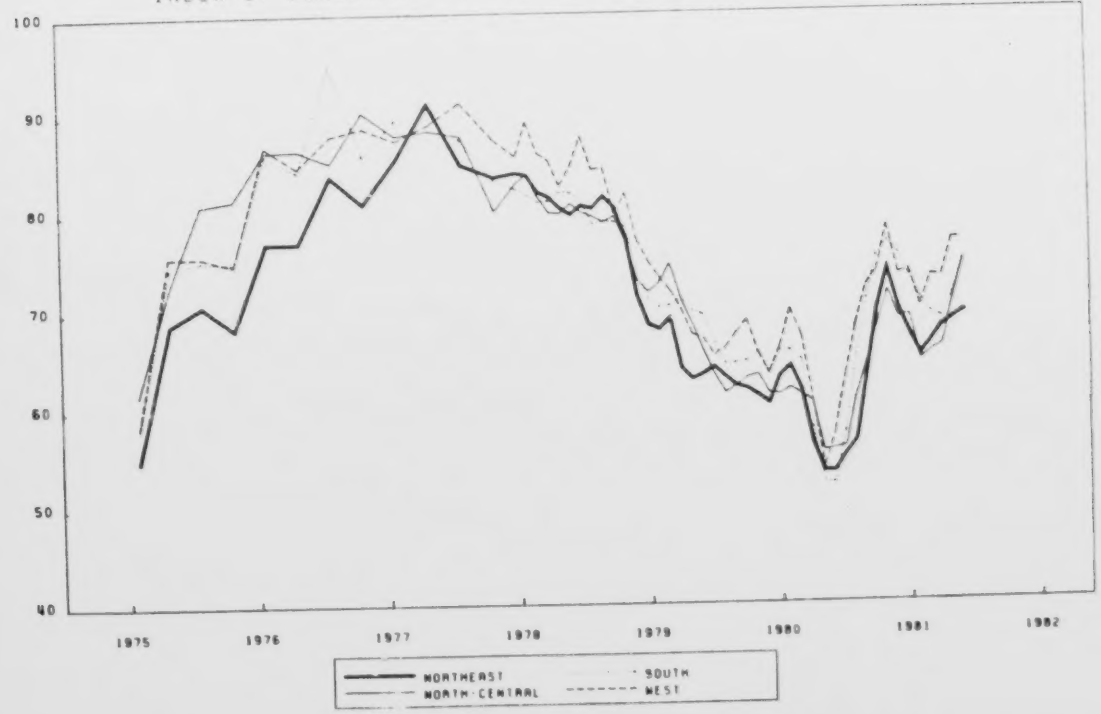

TABLE 2

INDEX OF CONSUMER SENTIMENT WITHIN REGION AND AGE SUBGROUPS

DATE OF SURVEY		CENSUS REGION				AGE OF RESPONDENT		
		North East	North Central	South	West	18-34	35-54	55+
June	1978	76.5	79.6	79.5	85.1	91.7	75.7	72.4
July	1978	85.4	78.2	78.8	91.0	92.2	78.4	77.4
August	1978	78.7	80.4	77.6	76.2	87.8	77.2	69.8
September	1978	80.1	77.8	80.3	85.6	86.6	83.9	72.1
October	1978	82.2	79.9	78.4	77.1	90.6	76.7	70.8
November	1978	69.6	73.1	76.1	82.4	82.5	73.3	69.0
December	1978	62.1	65.6	67.5	71.4	71.7	63.9	63.6
January	1979	73.5	76.4	69.3	70.6	82.7	70.6	63.2
February	1979	68.0	75.8	73.5	77.5	80.9	74.6	67.7
March	1979	65.5	71.3	68.0	67.4	77.9	64.7	63.3
April	1979	58.1	65.6	71.9	64.8	71.5	66.4	61.8
May	1979	64.9	68.2	69.1	69.6	74.6	65.3	64.1
June	1979	66.8	63.3	66.8	66.3	71.2	62.9	63.9
July	1979	60.4	58.0	63.3	59.7	67.7	60.9	54.1
August	1979	61.7	63.0	62.9	71.7	72.1	64.0	58.2
September	1979	64.1	65.2	67.0	70.9	71.5	66.8	63.2
October	1979	59.5	60.4	64.0	63.5	69.5	58.3	60.1
November	1979	59.8	64.1	65.8	61.9	70.8	60.7	57.3
December	1979	61.7	59.5	59.7	64.6	68.1	57.1	59.3
January	1980	67.4	60.1	71.3	71.6	75.5	63.1	61.6
February	1980	63.0	65.9	65.7	72.8	74.3	65.7	60.5
March	1980	54.4	57.3	56.7	56.9	61.4	56.2	50.7
April	1980	50.9	58.0	50.7	51.5	60.5	43.6	51.8
May	1980	54.6	50.8	49.3	53.0	62.8	46.6	43.4
June	1980	54.4	58.0	56.4	67.3	65.9	53.5	58.1
July	1980	55.9	58.5	66.4	68.6	69.9	58.1	58.8
August	1980	59.0	66.2	72.6	68.1	72.0	64.8	66.0
September	1980	76.3	68.3	71.8	79.5	78.6	73.4	69.4
October	1980	75.7	70.2	79.1	73.1	80.2	70.2	74.0
November	1980	71.1	76.2	77.3	81.9	85.3	73.5	70.3
December	1980	62.3	59.9	69.3	64.6	76.0	56.7	60.1
January	1981	68.2	70.9	72.5	74.4	77.2	70.2	67.9
February	1981	64.5	62.6	70.2	70.8	72.5	68.4	59.6
March	1981	66.5	62.6	64.9	73.7	77.3	63.9	58.4
April	1981	72.6	72.7	71.0	74.2	81.5	68.3	66.9
May	1981	66.8	76.6	77.5	82.2	87.7	71.2	70.0
June	1981	68.5	74.0	75.2	73.8	81.7	67.0	69.6

CHART 3 - RECENT CHANGES
CURRENT AND EXPECTED COMPONENTS

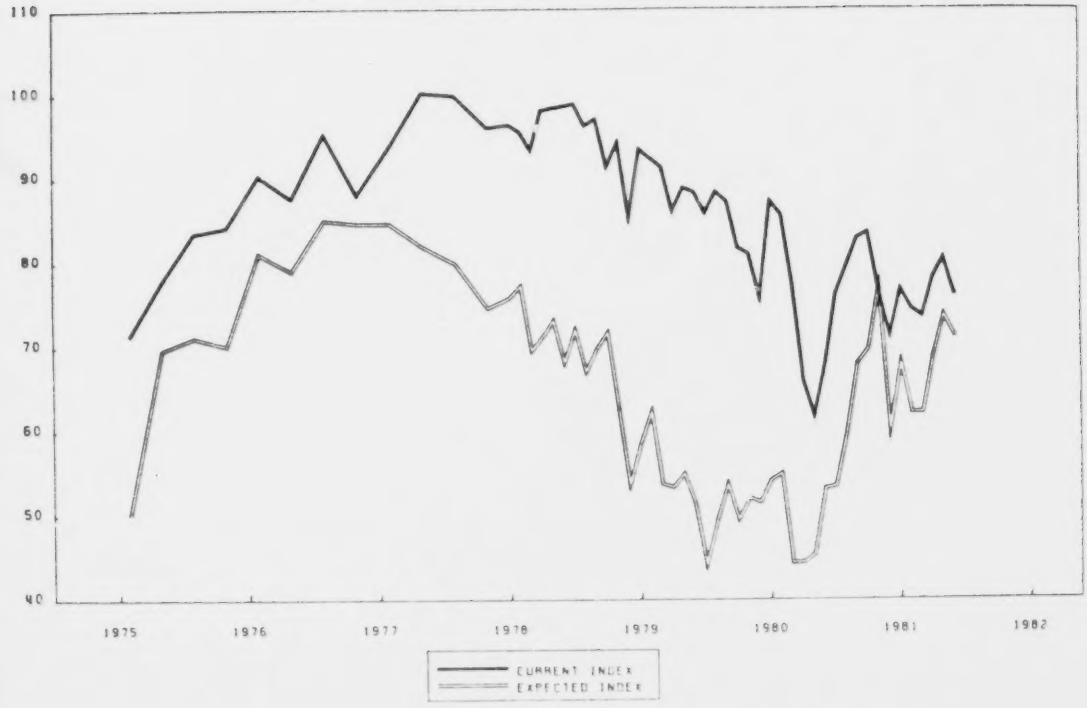

CHART 3 - HISTORICAL SERIES
CURRENT AND EXPECTED COMPONENTS

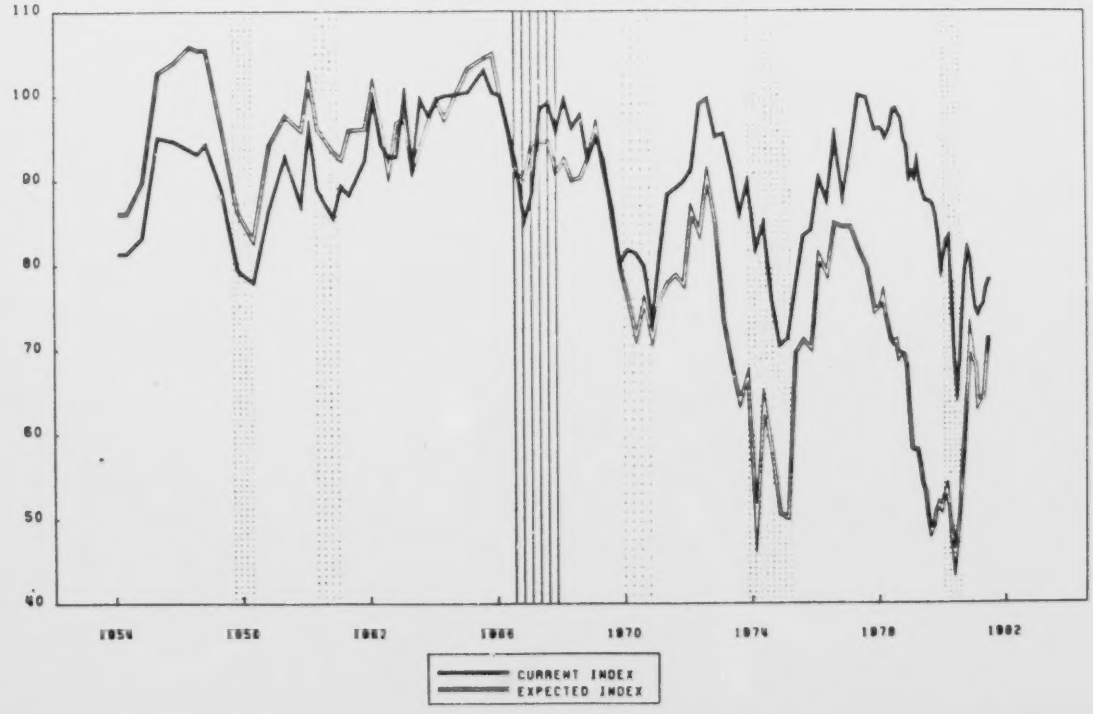

TABLE 3

COMPONENTS OF THE INDEX OF CONSUMER SENTIMENT

DATE OF SURVEY	INDEX COMPONENTS +						
	Personal finances		Business conditions				
	Current (1)	Expected (2)	12 months (3)	5 years (4)	Buying conds. (5)	Current Index (1,5)	Expected Index (2,3,4)
June 1978	107	102	97	71	146	98.4	68.1
July 1978	108	111	105	69	146	98.7	72.0
August 1978	101	112	82	70	145	96.1	67.0
September 1978	109	109	96	71	140	96.9	69.8
October 1978	96	104	103	77	138	91.2	71.7
November 1978	106	106	74	67	135	94.1	62.8
December 1978	95	96	61	53	123	85.2	53.8
January 1979	101	99	72	58	139	93.3	58.4
February 1979	98	98	75	71	138	92.2	62.2
March 1979	96	99	57	53	138	91.2	53.7
April 1979	85	90	63	55	134	85.9	53.3
May 1979	91	95	58	62	136	88.7	54.9
June 1979	92	91	54	55	134	88.2	51.4
July 1979	90	92	39	40	130	85.7	44.2
August 1979	95	98	46	48	131	88.2	49.3
September 1979	90	98	60	51	133	87.1	53.6
October 1979	83	96	48	49	126	81.6	49.5
November 1979	86	97	52	54	120	80.9	52.0
December 1979	83	101	50	50	110	75.8	51.5
January 1980	96	106	58	47	127	87.1	54.1
February 1980	85	99	55	60	134	85.5	54.9
March 1980	76	92	38	41	116	75.3	44.3
April 1980	73	94	32	45	94	65.8	44.4
May 1980	79	100	31	44	77	61.7	45.3
June 1980	78	101	43	63	93	67.4	53.0
July 1980	90	105	45	58	104	76.1	53.4
August 1980	93	111	63	60	109	79.4	59.6
September 1980	91	117	83	69	121	82.7	67.9
October 1980	90	108	84	83	123	83.4	69.6
November 1980	83	118	94	93	112	76.4	76.9
December 1980	77	100	64	73	104	71.2	60.2
January 1981	80	109	78	81	116	76.7	67.9
February 1981	80	106	64	73	109	74.4	62.1
March 1981	86	104	68	72	101	73.5	62.1
April 1981	79	111	83	78	121	78.1	68.8
May 1981	95	118	92	81	111	80.4	73.6
June 1981	89	113	91	78	104	76.1	71.2

(1) See Table 4.
(2) See Table 6.
(3) See Table 18.
(4) See Table 19.
(5) See Table 26.

+ : Percent saying "GOOD TIMES" (or "BETTER"), minus percent saying "BAD TIMES" (or "WORSE"), plus 100.

CHART 4 - RECENT CHANGES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

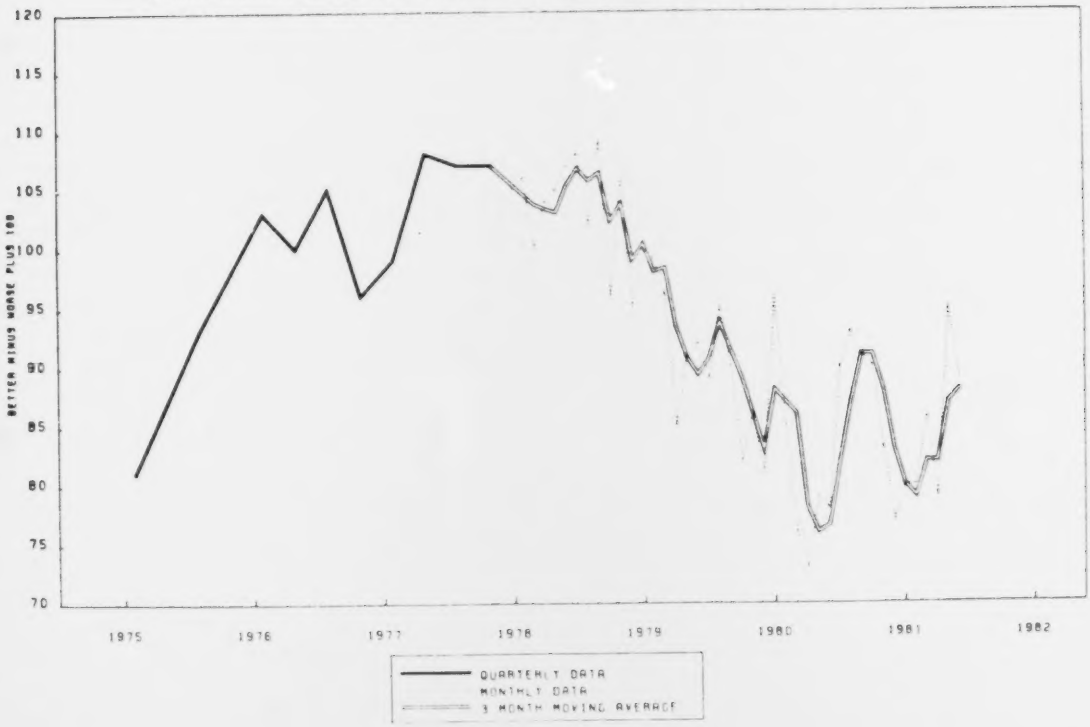

CHART 4 - HISTORICAL SERIES

CURRENT FINANCIAL SITUATION COMPARED WITH A YEAR AGO

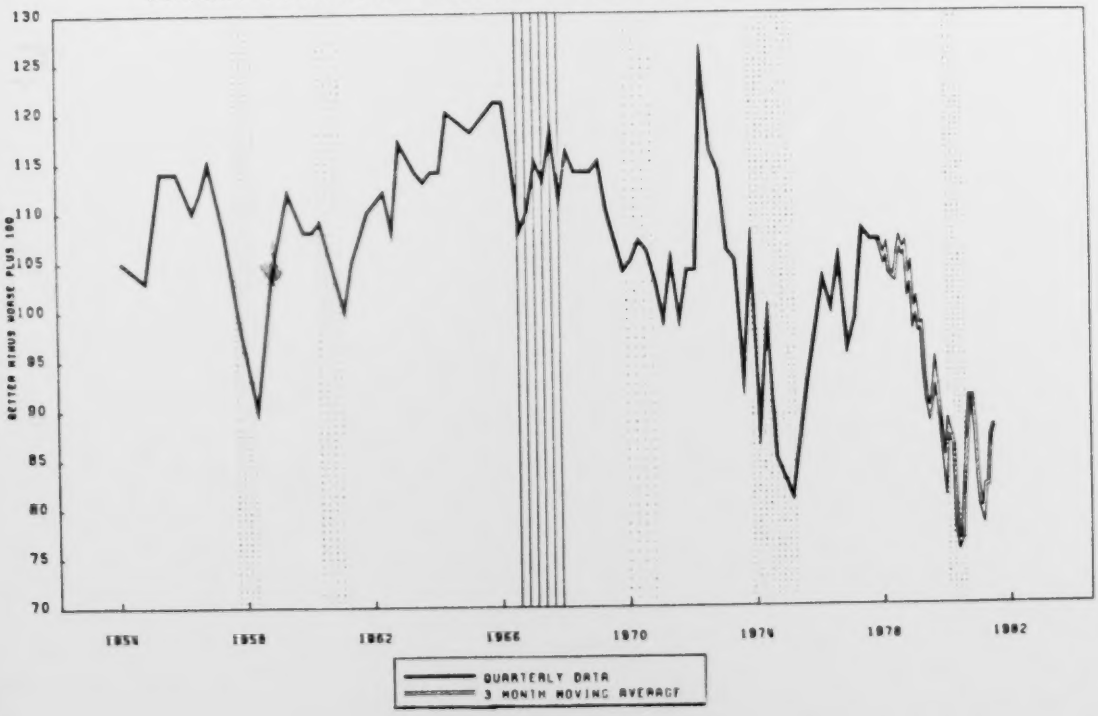

TABLE 4

CURRENT FINANCIAL SITUATION COMPARED TO A YEAR AGO

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
BETTER OFF	25%	30%	33%	31%	30%	28%	25%	25%	27%	29%	25%	31%	29%
SAME	26	29	26	27	30	26	26	30	26	28	28	32	31
WORSE OFF	47	40	40	40	40	45	48	45	47	43	46	36	40
DK, NA	2	1	1	2	*	1	1	*	*	*	1	1	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

The question was: "We are interested in how people are getting along financially these days. Would you say that you (and your family living there) are better off or worse off financially than you were a year ago?"

* : Less than half of one percent.

CHART 5 - RECENT CHANGES

REASONS FOR FINANCIAL SITUATION COMPARED TO A YEAR AGO

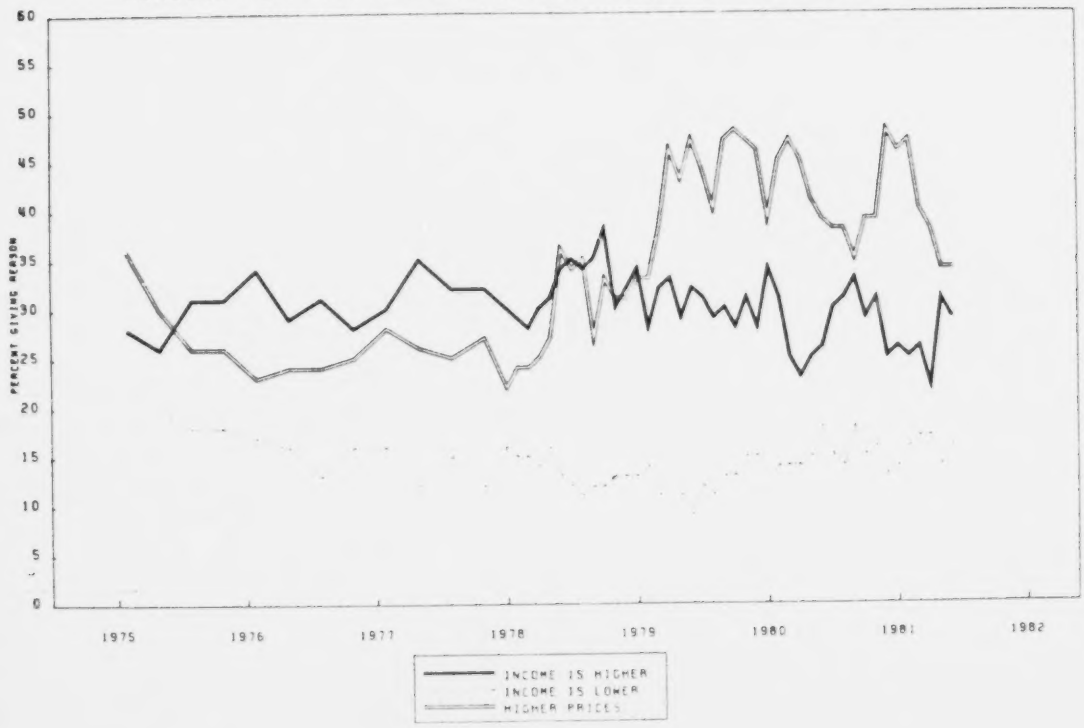

CHART 5 - HISTORICAL SERIES

REASONS FOR FINANCIAL SITUATION COMPARED TO A YEAR AGO

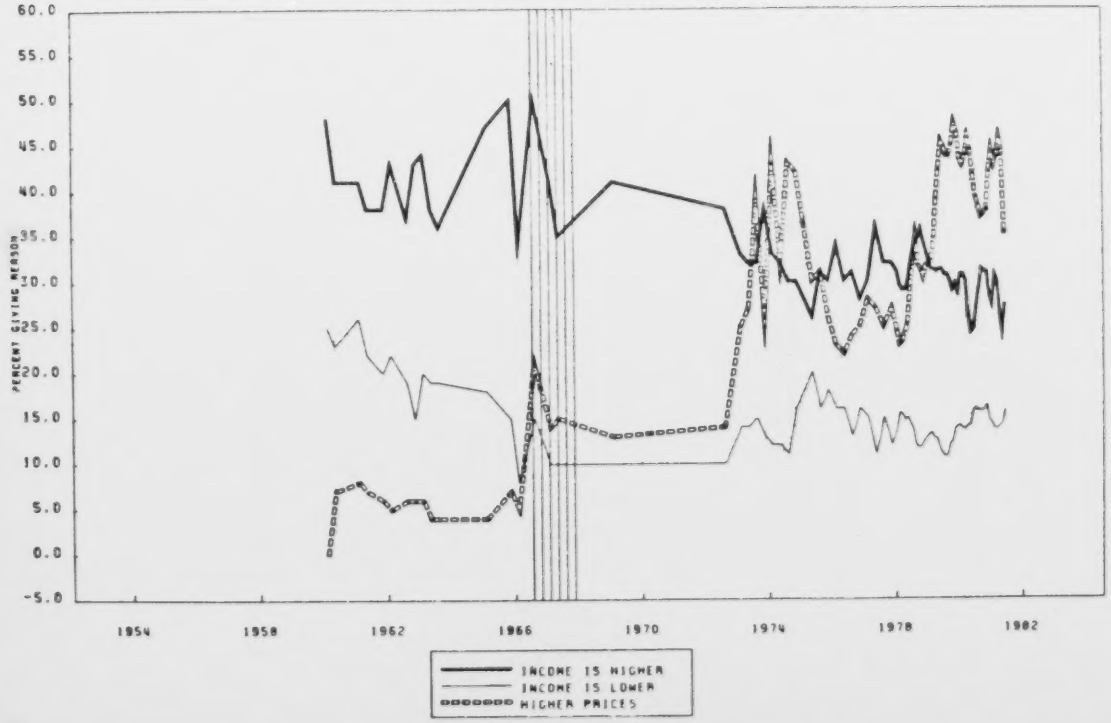

TABLE 5

SELECTED REASONS FOR OPINIONS ABOUT PERSONAL FINANCIAL SITUATION +

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
BETTER OFF THAN YEAR AGO:													
Income is higher	26%	30%	31%	33%	29%	31%	25%	26%	25%	26%	22%	31%	29%
WORSE OFF THAN YEAR AGO:													
Income is lower	18	15	14	18	15	16	13	14	16	17	17	14	16
Higher prices	39	38	38	35	39	39	48	46	47	40	38	34	34

Responses to the query: "Why do you say so?" following the question on Table 4.

+ : May add to more than 100% due to multiple mentions.

CHART 6 - RECENT CHANGES

EXPECTED CHANGE IN FINANCIAL SITUATION

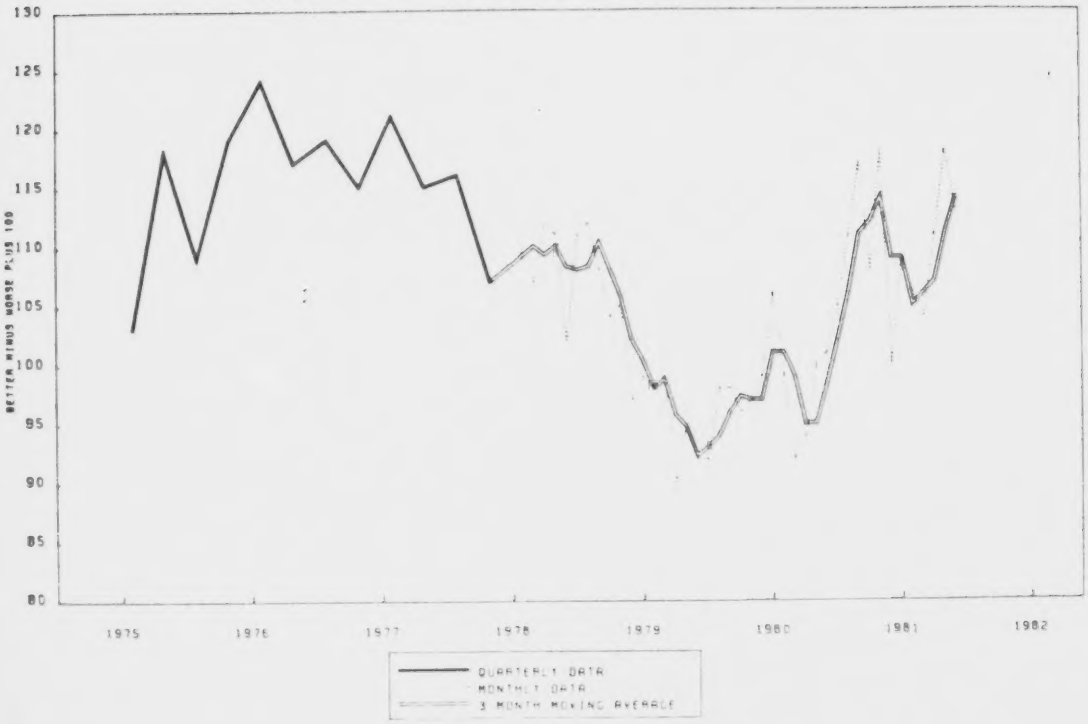

CHART 6 - HISTORICAL SERIES

EXPECTED CHANGE IN FINANCIAL SITUATION

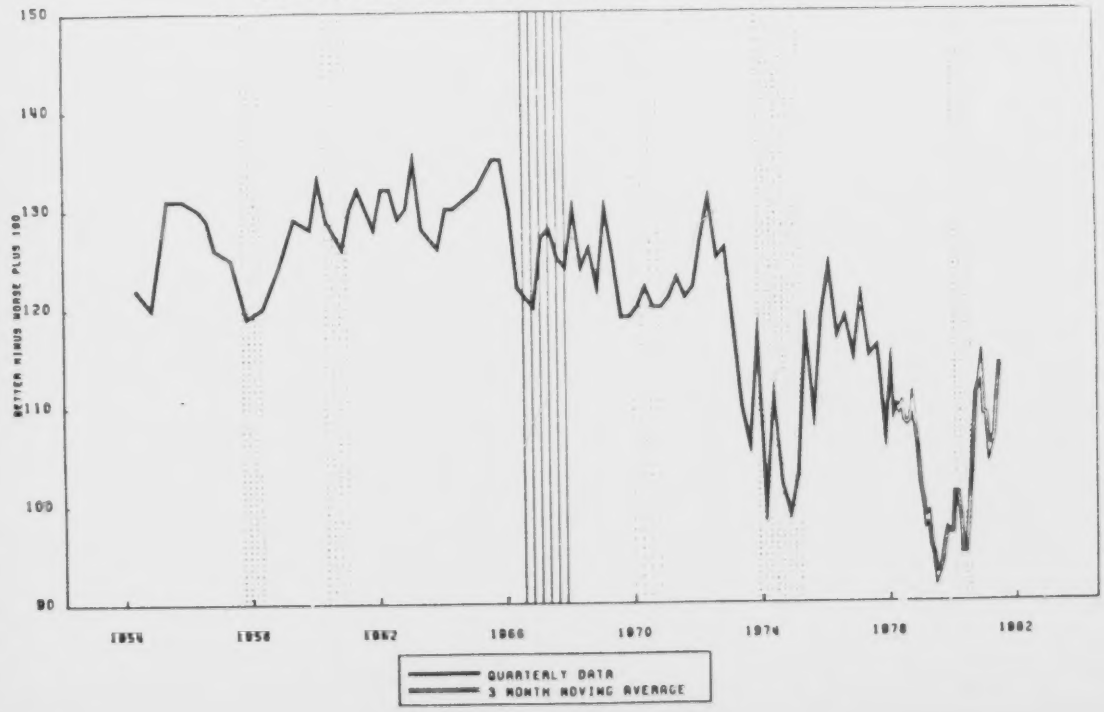

TABLE 6

EXPECTED CHANGE IN FINANCIAL SITUATION

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
BETTER OFF	26%	26%	30%	34%	25%	35%	25%	27%	26%	28%	30%	34%	32%
SAME	46	48	48	45	50	42	45	48	48	45	47	48	44
WORSE OFF	25	21	19	17	17	17	25	18	20	24	19	16	19
DK,NA	3	5	3	4	8	6	5	7	6	3	4	2	5
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

The question was: "Now looking ahead--do you think that a year from now you (and your family living there) will be better off financially, or worse off, or just about the same as now?"

CHART 7 - RECENT CHANGES

TREND IN PERSONAL FINANCIAL SITUATION

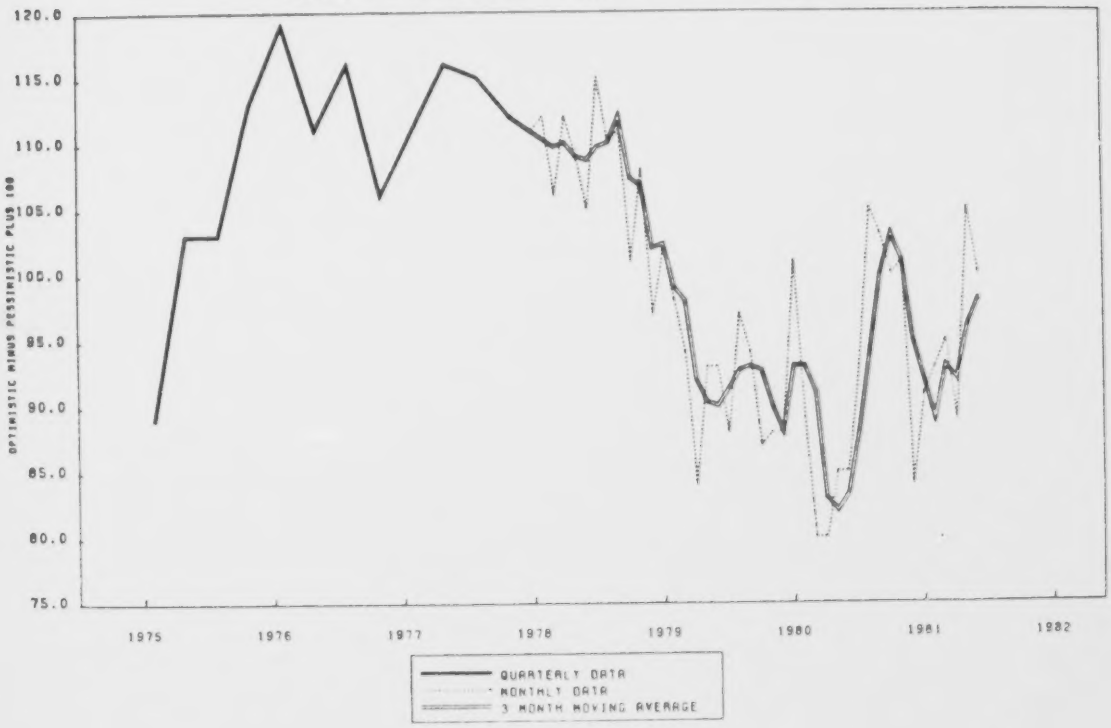

CHART 7 - HISTORICAL SERIES

TREND IN PERSONAL FINANCIAL SITUATION

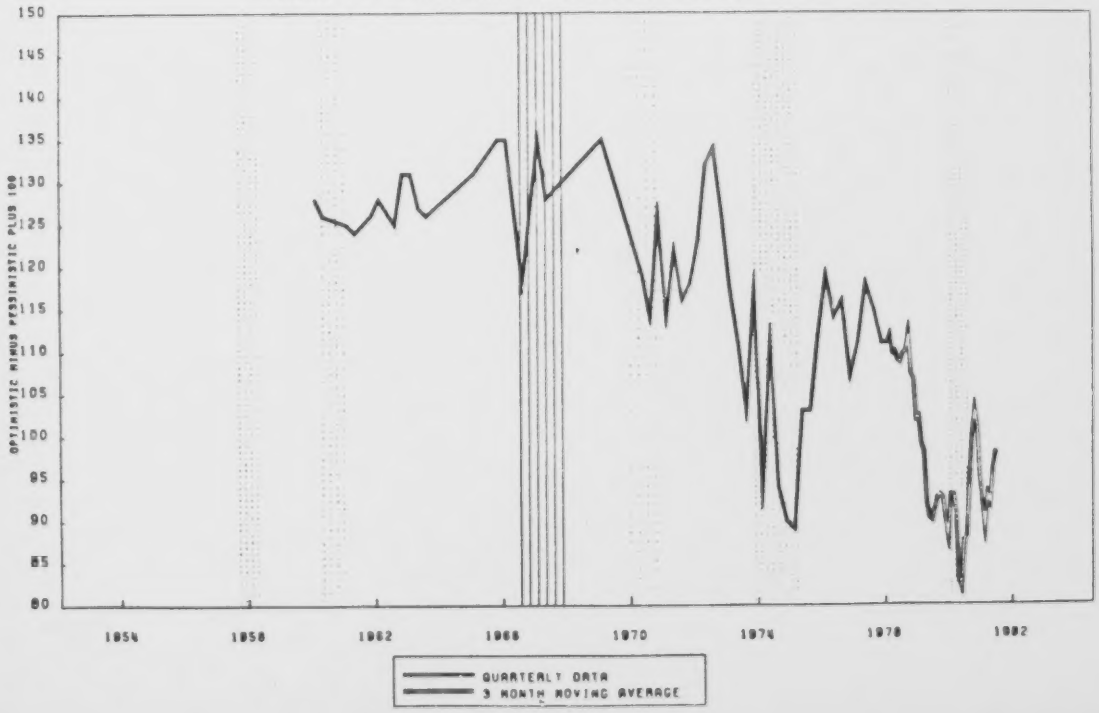

TABLE 7

TREND IN PERSONAL FINANCIAL SITUATION

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
PERSONAL FINANCIAL PROGRESS:													
Continuous increase (a)	10%	12%	12%	14%	12%	13%	9%	10%	8%	12%	11%	15%	13%
Intermittant increase (b)	16	19	22	19	20	19	18	17	20	19	16	23	22
Remain unchanged (c)	14	14	16	15	18	13	12	16	15	15	14	15	14
Intermittant decline (d)	27	28	17	21	21	22	28	25	23	22	27	25	24
Continuous decline (e)	14	10	12	9	11	9	15	11	12	14	11	8	11
Mixed change (f)	15	11	18	16	10	18	13	14	16	14	15	12	11
DK, NA	4	6	3	6	8	6	5	7	6	4	6	2	5
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

Combination of the responses to the questions on Tables 4 and 6.

Key: (a) Better off financially than a year ago/Better off a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 8 - RECENT CHANGES

MEDIAN EXPECTED CHANGE IN FAMILY INCOME

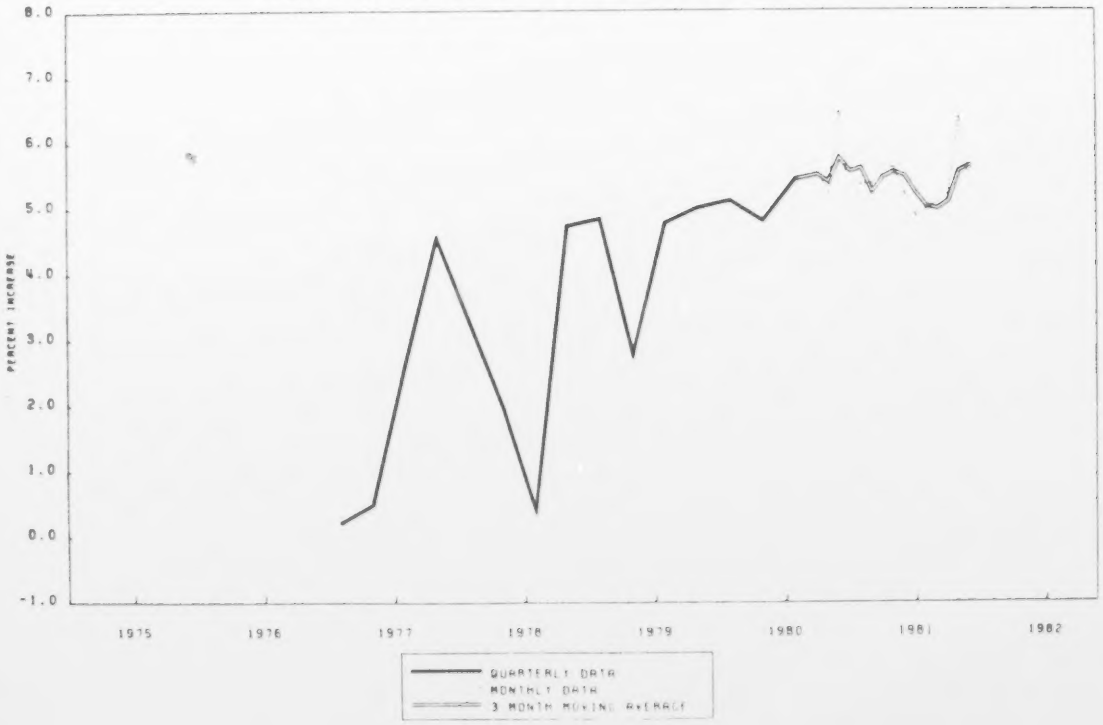

TABLE 8

EXPECTED FAMILY INCOME CHANGE DURING THE NEXT 12 MONTHS

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
EXPECT INCREASE:													
1-4%	5%	5%	6%	7%	8%	5%	8%	6%	8%	7%	6%	6%	6%
5%	7	8	10	7	7	10	7	8	7	9	8	10	10
6-9%	13	11	15	16	15	10	12	10	10	11	11	11	10
10-24%	25	20	20	21	21	26	22	21	20	21	22	28	25
25% or more	8	5	6	5	7	7	7	6	7	7	7	8	7
DK how much up	8	10	9	10	10	8	8	9	9	9	9	7	7
EXPECT SAME	21	21	21	21	21	24	22	24	24	21	25	19	21
EXPECT DOWN	12	18	11	10	9	7	11	12	11	12	10	8	11
DK,NA	1	2	2	3	2	3	3	4	4	3	2	3	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

The questions were: "During the next 12 months, do you expect your (family) income to be higher or lower than during the past year?" and "By about what percent do you expect your (family) income to increase during the next 12 months?"

CHART 9 - RECENT CHANGES

INCOME OR PRICES UP MORE DURING THE LAST YEAR

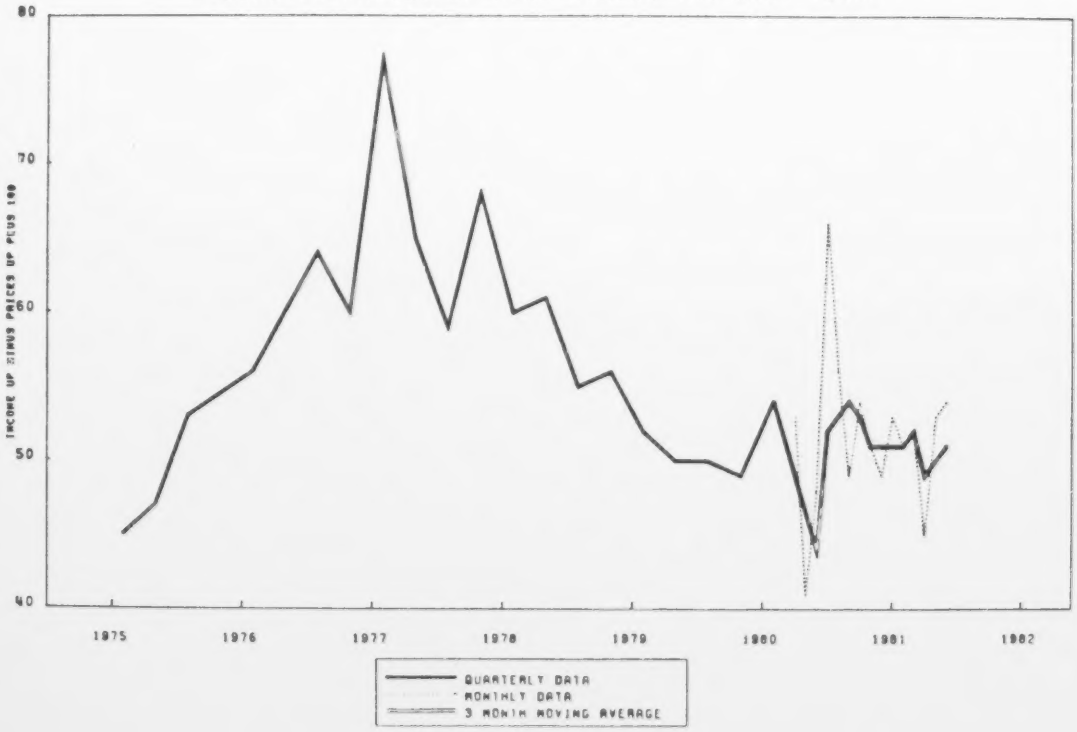

TABLE 9

PAST CHANGE IN REAL FAMILY INCOME

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
INCOME UP MORE	11%	12%	13%	12%	13%	10%	11%	13%	10%	13%	9%	12%	13%
INCOME UP SAME	25	30	29	24	25	30	24	25	28	24	26	28	26
PRICES UP MORE	63	56	57	63	59	59	62	60	59	61	64	59	59
DK, NA	1	2	1	1	3	1	3	2	3	2	1	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

The question was: "During the last year or two, would you say that your (family) income went up more than prices, went up about the same as prices, or went up less than prices?"

CHART 10 - RECENT CHANGES

INCOME OR PRICES UP MORE NEXT YEAR

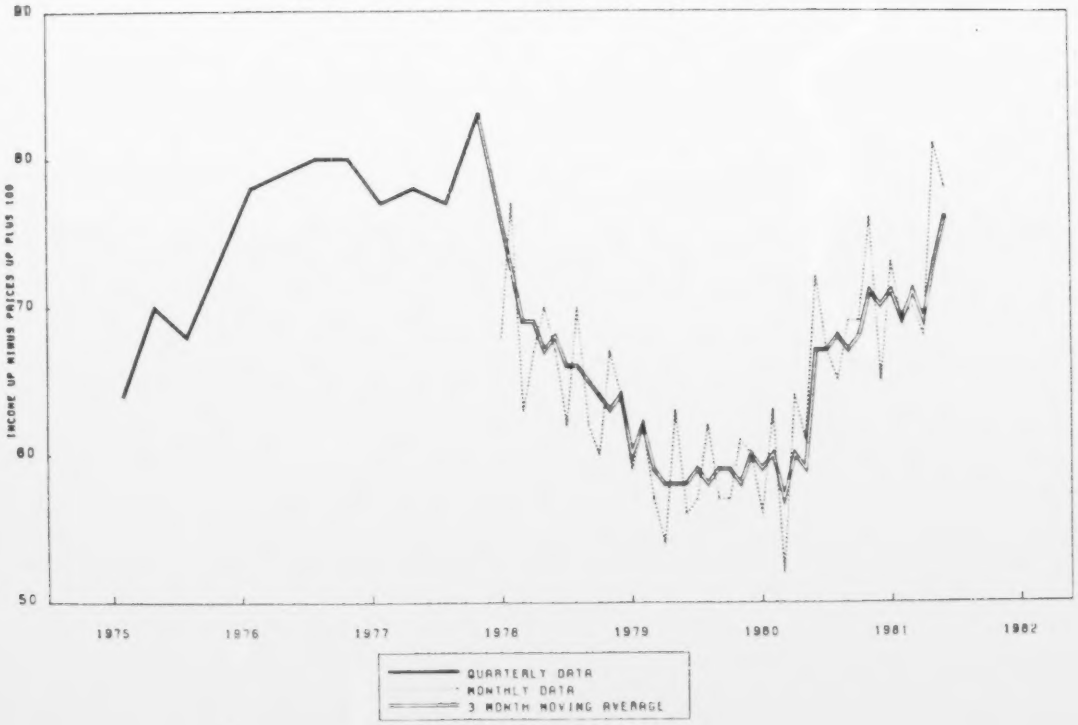

TABLE 10

EXPECTED CHANGE IN REAL FAMILY INCOME

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
INCOME UP MORE	14%	12%	11%	14%	12%	16%	12%	14%	11%	14%	13%	19%	16%
INCOME UP SAME	41	38	40	38	42	42	36	39	43	38	39	41	43
PRICES UP MORE	42	45	46	45	43	40	47	41	42	44	45	38	38
DK, NA	3	5	3	3	3	2	5	6	4	4	3	2	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

The question was: "How about the next year or two--do you expect that your (family) income will go up more than prices will go up, about the same, or less than prices will go up?"

CHART 11 - RECENT CHANGES

TREND IN INCOME AND PRICE COMPARISON

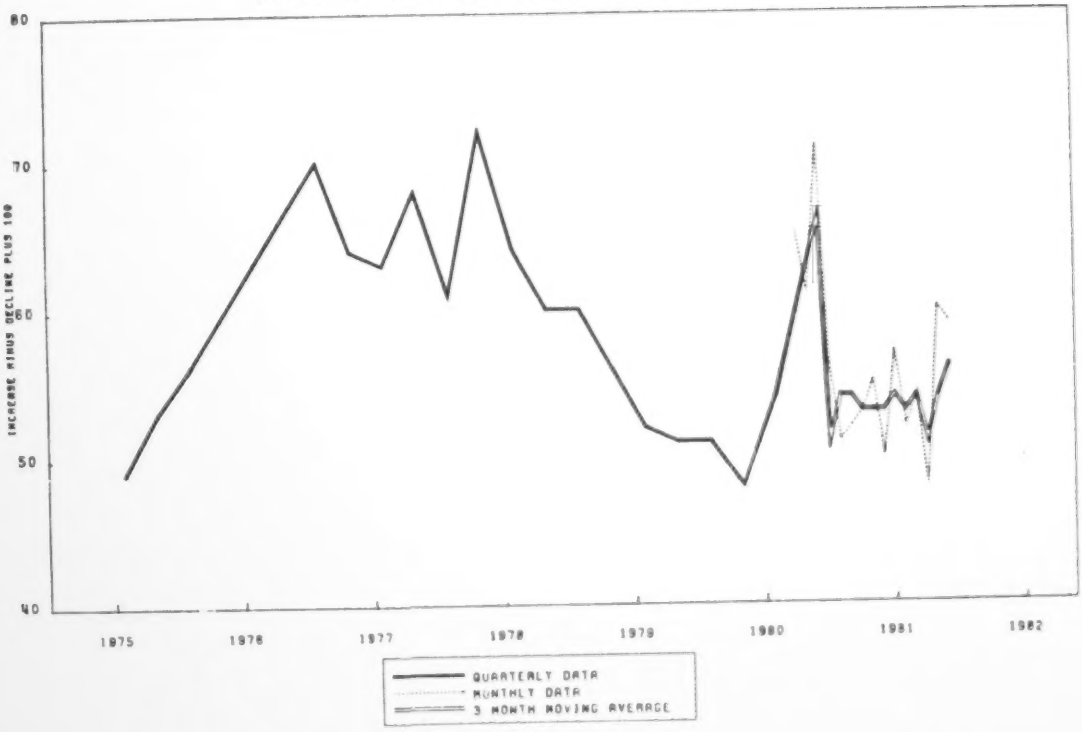

TABLE 11

TREND IN FAMILY INCOME AND PRICES COMPARISONS

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
REAL INCOME PROGRESS:													
Continuous increase (a)	5%	5%	3%	5%	6%	6%	5%	6%	4%	6%	4%	6%	6%
Intermittant increase (b)	8	9	11	9	6	9	7	8	8	9	7	10	10
Remain unchanged (c)	16	17	17	14	18	17	14	17	18	14	17	16	17
Intermittant decline (d)	26	23	22	23	25	27	24	22	25	26	25	25	25
Continuous decline (e)	35	35	37	39	34	33	38	35	35	35	38	31	32
Mixed change (f)	7	5	6	6	7	5	6	6	5	5	6	9	6
DK, NA	3	6	4	4	4	3	6	6	5	5	3	3	4
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

Combination of the responses to the questions on Tables 9 and 10.

Key: (a) Income up more last year/Income up more next year
(b) Income up more/Same or Income up same/More
(c) Income up same/Same
(d) Prices up more/Same or Prices up same/More
(e) Prices up more/More
(f) Income up more/Prices up more or Prices up more/Income up more

CHART 12 - RECENT CHANGES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

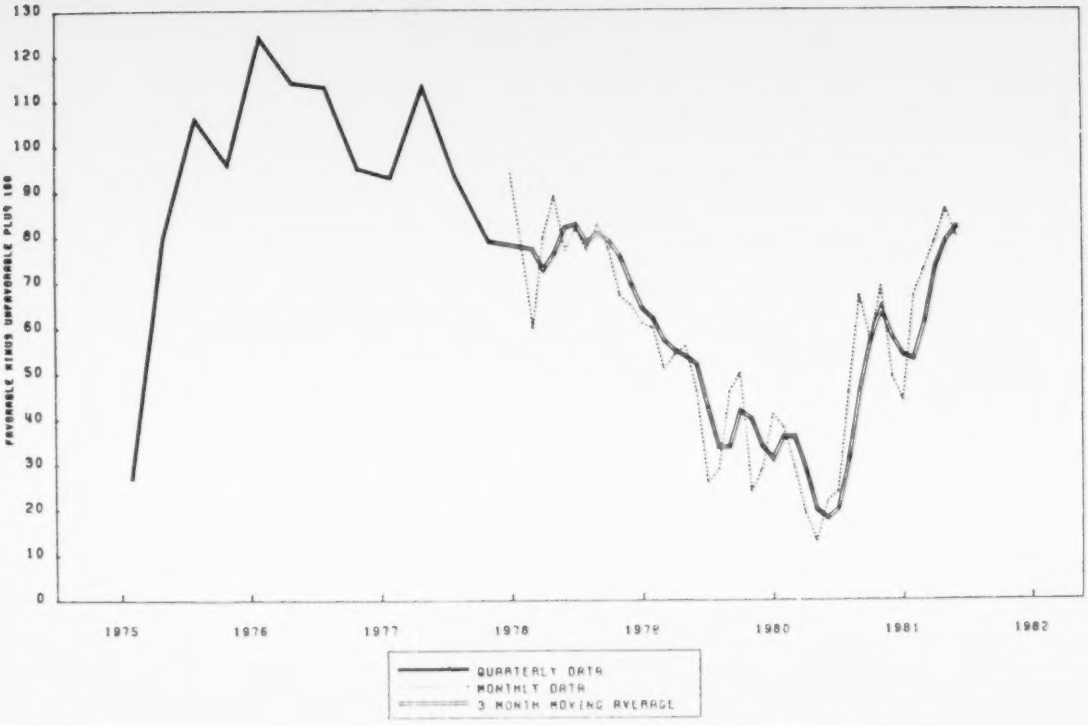

CHART 12 - HISTORICAL SERIES

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS

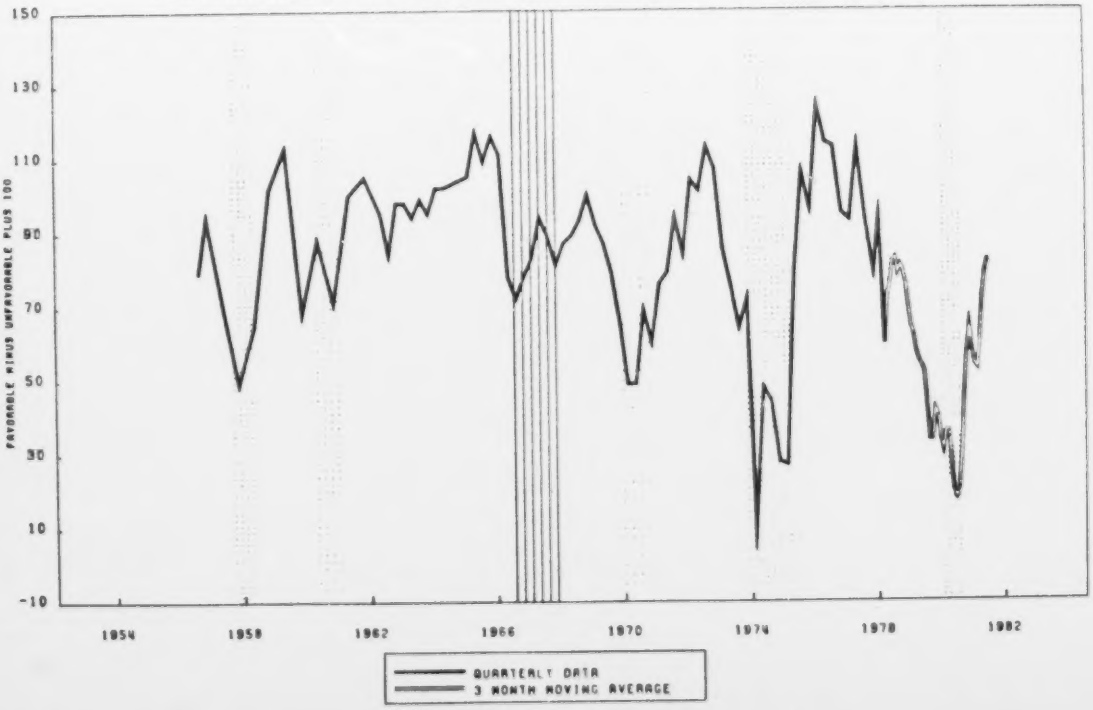

TABLE 12

NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
FAVORABLE NEWS	15%	19%	24%	30%	29%	27%	17%	19%	23%	30%	28%	31%	24%
UNFAVORABLE NEWS	93	95	78	63	72	58	68	75	56	57	49	45	44
NO MENTIONS	29	30	34	38	33	47	44	39	46	42	47	47	52

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

TABLE 13

SELECTED ITEMS OF
NEWS HEARD OF RECENT CHANGES IN BUSINESS CONDITIONS +

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
FAVORABLE NEWS:													
Government; elections	1%	*	1%	2%	1%	7%	4%	4%	9%	9%	6%	4%	6%
Employment	3	4	7	7	10	7	5	4	5	8	7	8	4
Consumer demand high	1	1	1	3	3	2	1	2	1	1	3	4	1
Prices are low	1	1	*	1	2	1	*	*	1	1	2	2	3
Credit is easy	7	7	8	7	3	1	*	3	3	4	5	2	2
UNFAVORABLE NEWS:													
Government; elections	2	4	3	1	4	3	2	4	5	7	7	4	4
Unemployment	50	43	31	25	26	21	18	19	15	19	19	14	16
Consumer demand low	9	12	12	8	8	8	11	14	9	10	6	6	3
Prices are high	8	12	13	10	10	9	8	11	10	6	6	4	5
Credit is tight	9	5	5	8	12	9	19	14	7	4	4	7	9
Energy crisis	1	1	1	*	1	*	1	1	*	1	*	*	*

The questions were: "During the last few months, have you heard of any favorable or unfavorable changes in business conditions?" and "What did you hear?"

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 14 - RECENT CHANGES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

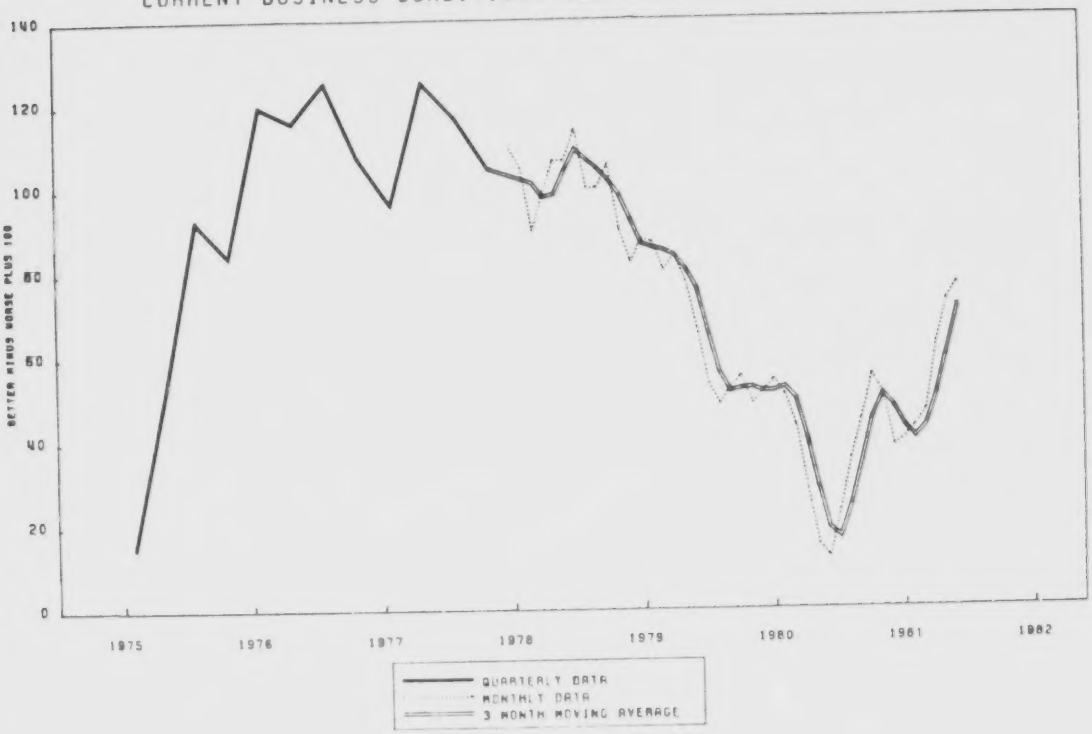

CHART 14 - HISTORICAL SERIES

CURRENT BUSINESS CONDITIONS COMPARED WITH A YEAR AGO

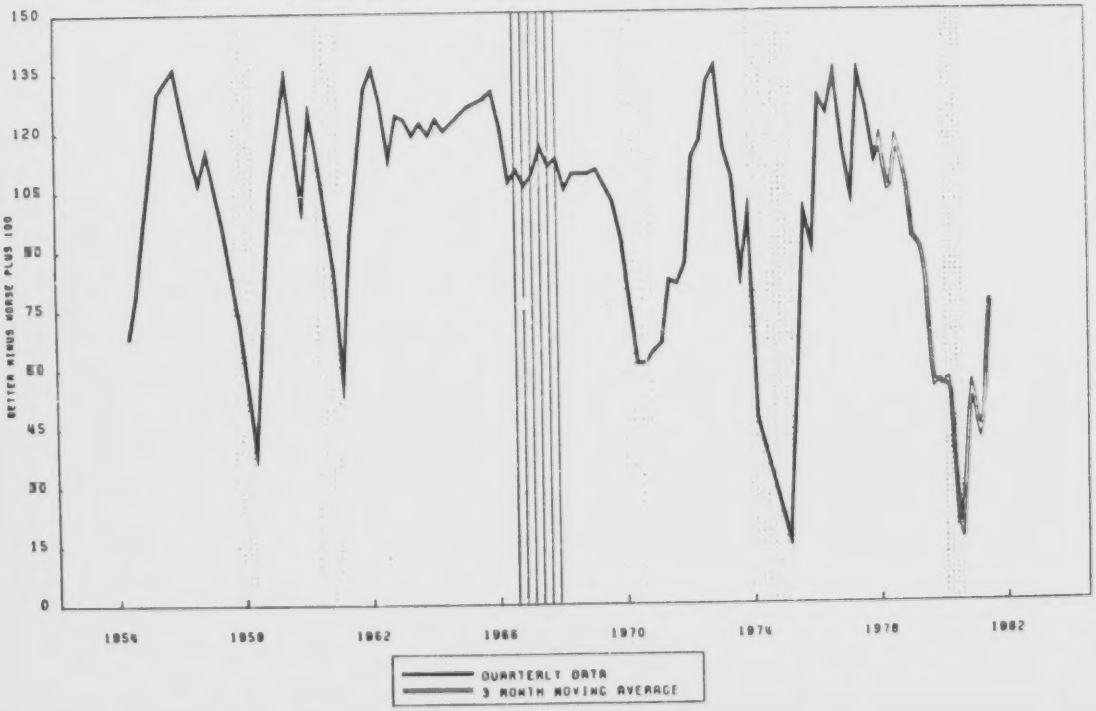

TABLE 14

CURRENT BUSINESS CONDITIONS COMPARED TO A YEAR AGO

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
BETTER NOW	4%	10%	15%	18%	23%	21%	13%	14%	14%	17%	24%	30%	31%
SAME	5	4	7	10	10	10	12	13	15	14	17	17	18
WORSE NOW	90	85	77	70	64	67	72	71	68	67	57	52	49
DK, NA	1	1	1	2	3	2	3	2	3	2	2	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

The question was: "Would you say that at the present time business conditions are better or worse than they were a year ago?"

CHART 15 - RECENT CHANGES

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

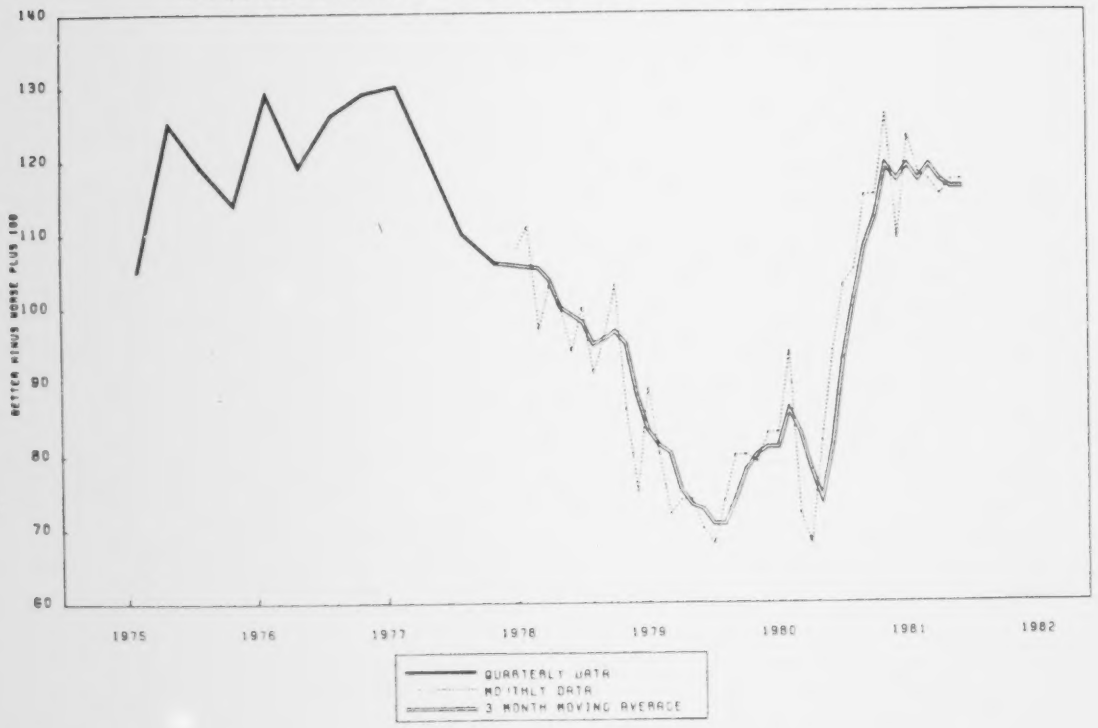

CHART 15 - HISTORICAL SERIES

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

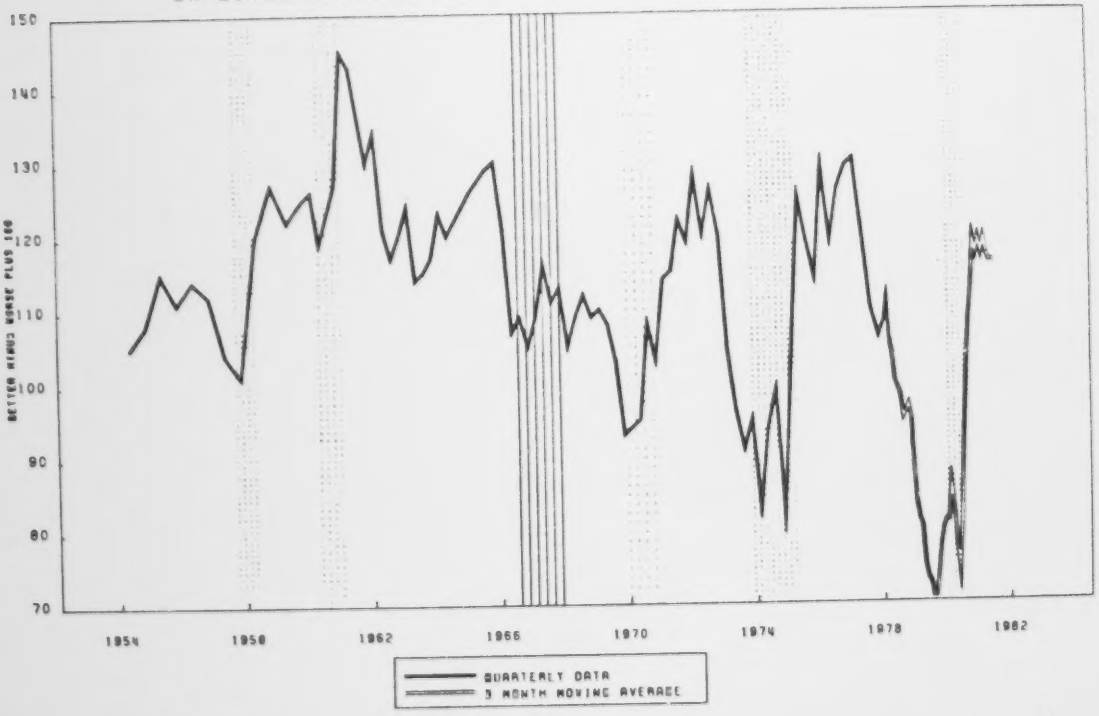

TABLE 15

EXPECTED CHANGE IN BUSINESS CONDITIONS IN A YEAR

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
BETTER	26%	28%	28%	32%	33%	40%	29%	39%	34%	38%	36%	36%	36%
SAME	38	43	44	47	44	42	46	42	46	38	41	44	42
WORSE	32	25	23	17	18	14	20	16	16	21	21	19	19
DK,NA	4	4	5	4	5	4	5	3	4	3	2	1	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

The question was: "And how about a year from now, do you expect that in the country as a whole business conditions will be better, or worse than they are at present, or just about the same?"

TABLE 16

REASONS FOR OPINIONS ABOUT CHANGES IN BUSINESS CONDITIONS IN A YEAR +

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
FAVORABLE REASONS:													
Government; elections	10%	15%	14%	15%	16%	34%	27%	35%	32%	32%	31%	25%	25%
Employment	3	4	4	5	5	5	3	4	2	4	4	4	3
Higher consumer demand	1	2	3	4	5	3	2	2	3	2	2	2	3
Lower prices	3	1	1	3	3	2	3	2	2	3	2	3	2
Easier credit	5	2	3	3	2	3	2	4	2	2	2	3	4
UNFAVORABLE REASONS:													
Government; elections	7	12	7	7	11	7	8	7	7	9	8	8	12
Unemployment	12	10	7	6	4	5	8	7	6	6	6	5	8
Lower consumer demand	5	6	7	3	2	2	6	5	4	4	5	4	4
Higher prices	10	9	14	10	10	8	10	8	12	8	10	6	8
Tighter credit	4	2	2	2	2	2	7	4	2	2	2	3	3
Energy crisis	1	1	1	1	1	1	*	1	1	1	*	*	1

The question was: "Why do you expect business conditions to be better/the same/worse a year from now?" following the question on table 15.

+ : May add to more than 100% due to multiple mentions.

* : Less than half of one percent.

CHART 17 - RECENT CHANGES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

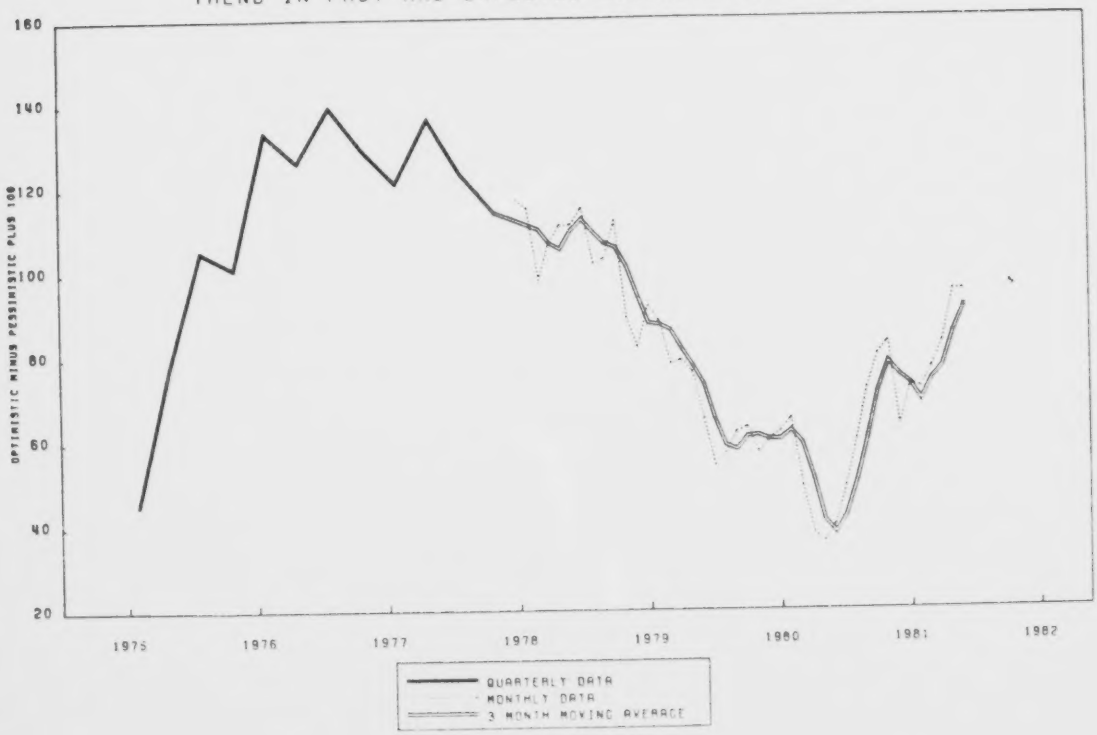

CHART 17 - HISTORICAL SERIES

TREND IN PAST AND EXPECTED BUSINESS CONDITIONS

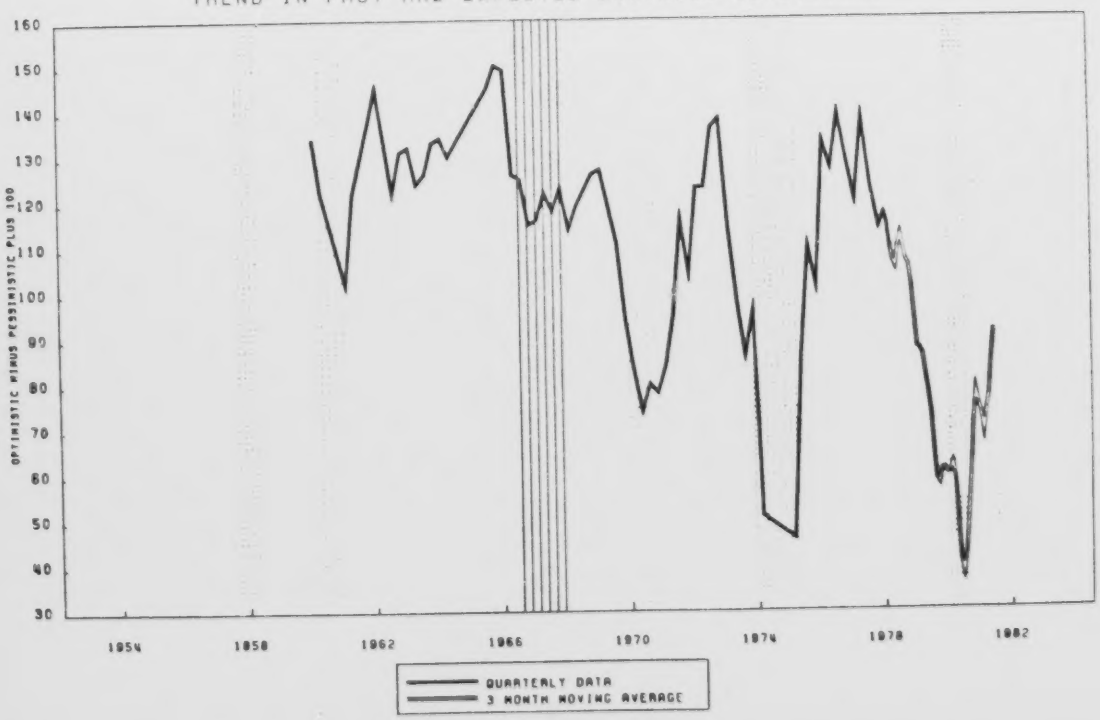

TABLE 17

TREND IN PAST AND EXPECTED CHANGES IN BUSINESS CONDITIONS

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
TREND:													
Continuous increase (a)	1%	2%	5%	9%	9%	11%	5%	6%	7%	9%	15%	14%	19%
Intermittant increase (b)	4	7	9	10	13	14	10	11	12	12	13	17	16
Remain unchanged (c)	2	1	3	6	5	4	5	7	7	6	8	10	8
Intermittant decline (d)	35	37	35	33	28	29	36	30	33	27	29	24	25
Continuous decline (e)	30	23	19	14	14	13	16	14	14	17	16	12	15
Mixed change (f)	23	26	23	23	23	24	21	27	21	25	16	20	12
DK, NA	5	4	6	5	8	5	7	5	6	4	3	3	5
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

Combination of the responses to the questions on Tables 14 and 15.

Key: (a) Better than a year ago/Better a year from now
(b) Better/Same or Same/Better
(c) Same/Same
(d) Worse/Same or Same/Worse
(e) Worse/Worse
(f) Worse/Better or Better/Worse

CHART 18 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

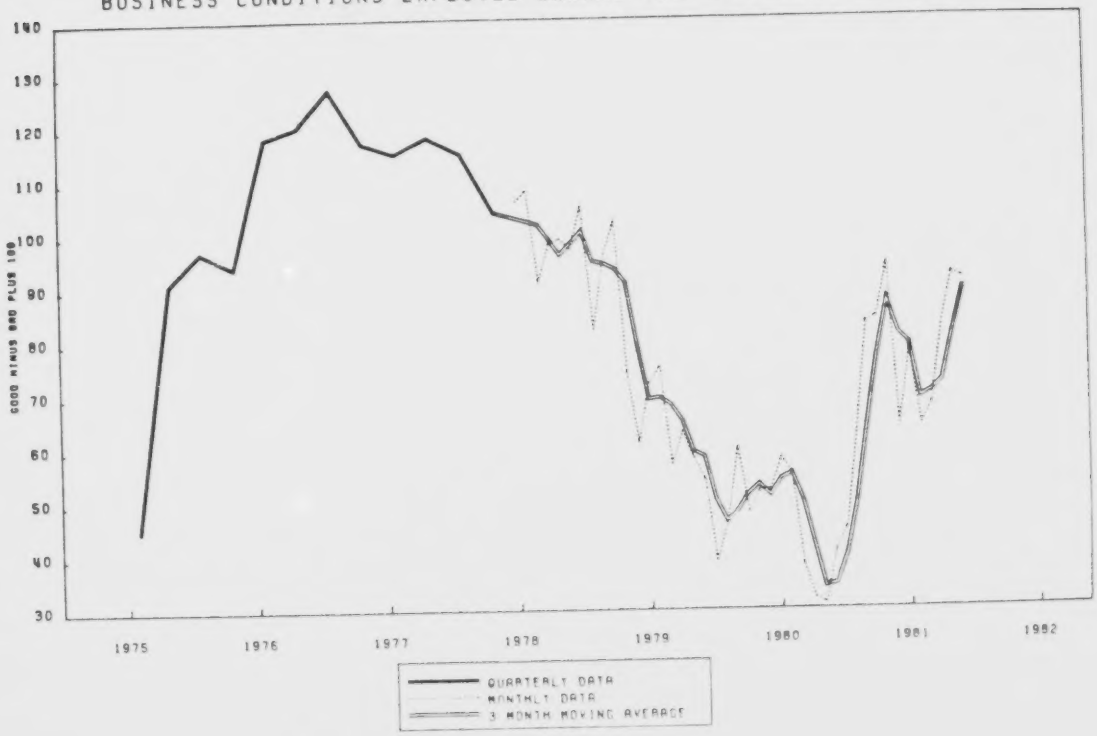

CHART 18 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED DURING THE NEXT TWELVE MONTHS

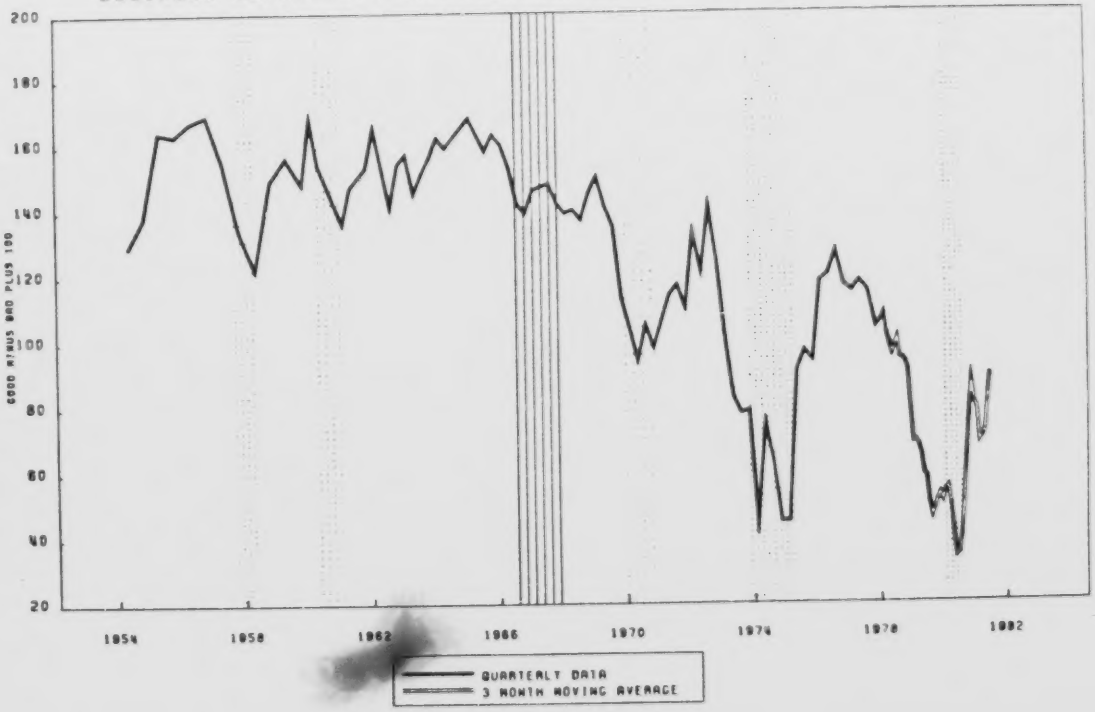

TABLE 18

BUSINESS CONDITIONS EXPECTED DURING THE NEXT 12 MONTHS

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
GOOD TIMES	18%	19%	25%	35%	33%	39%	26%	31%	26%	27%	36%	41%	41%
UNCERTAIN; GOOD & BAD	1	1	2	2	2	2	1	2	2	3	3	3	2
BAD TIMES	75	74	62	52	49	45	62	53	62	59	53	49	50
DON'T KNOW	4	4	7	7	8	8	7	10	6	6	6	5	5
NOT ASCERTAINED	2	2	4	4	8	6	4	4	4	5	2	2	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

The question was: "Now turning to business conditions in the country as a whole--do you think that during the next 12 months we'll have good times financially, or bad times or what?"

CHART 19 - RECENT CHANGES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

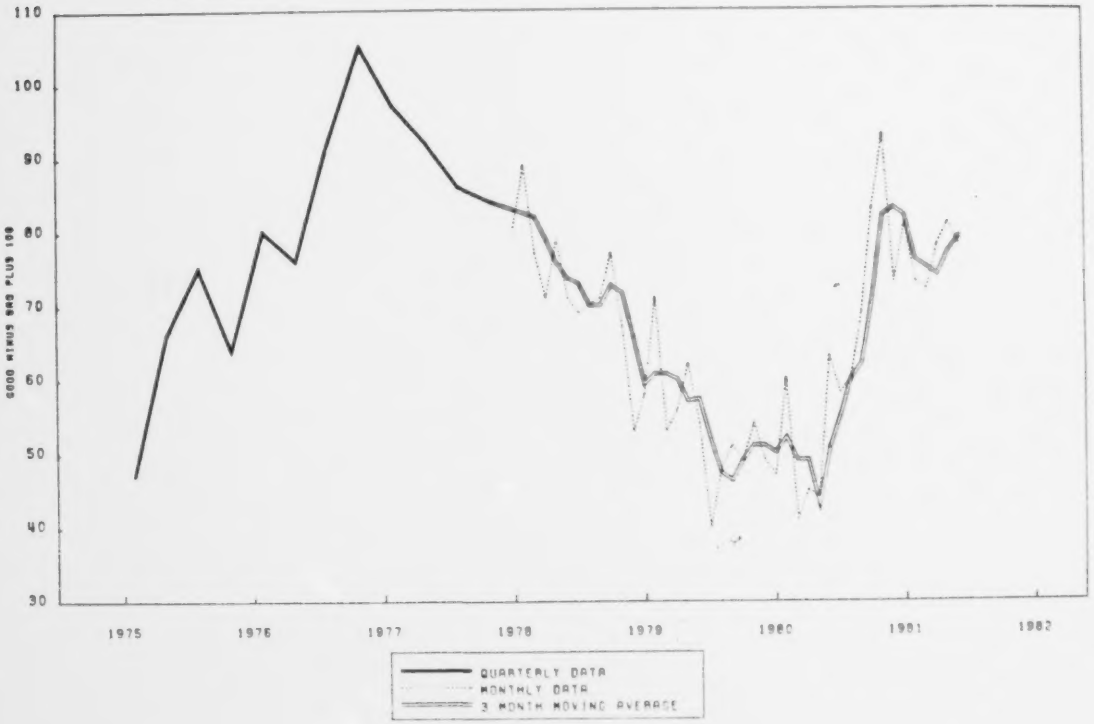

CHART 19 - HISTORICAL SERIES

BUSINESS CONDITIONS EXPECTED FOR THE NEXT FIVE YEARS

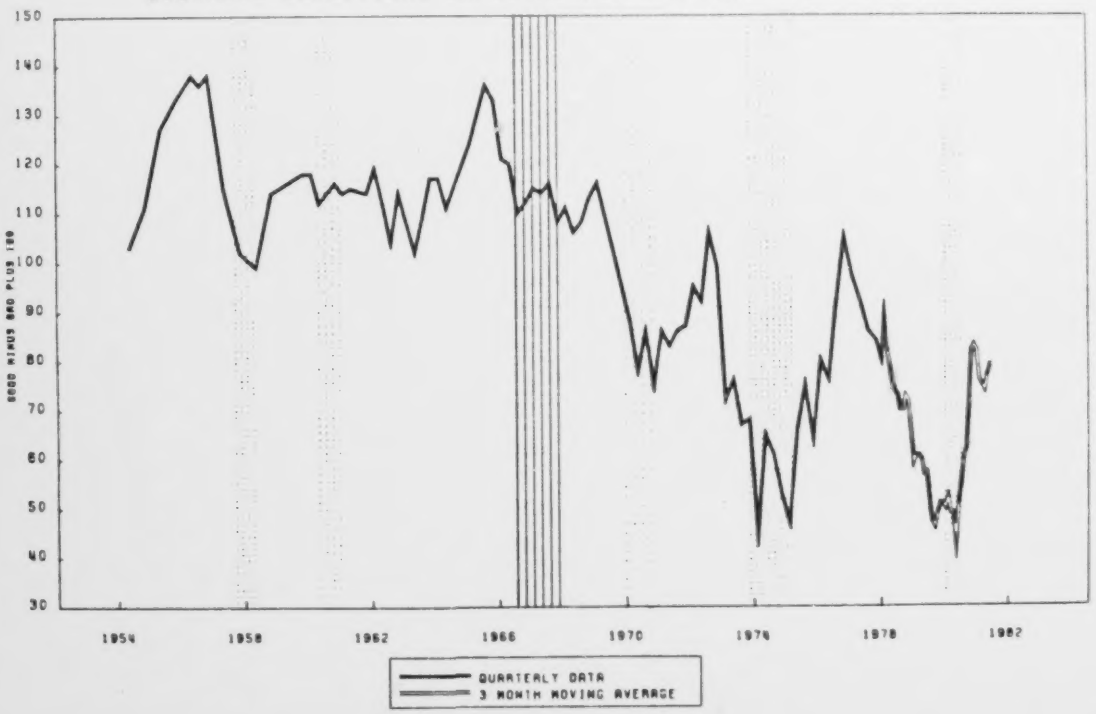

TABLE 19

BUSINESS CONDITIONS EXPECTED DURING THE NEXT FIVE YEARS

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
GOOD TIMES	22%	19%	19%	25%	27%	36%	25%	30%	28%	27%	30%	33%	33%
UNCERTAIN; GOOD & BAD	12	13	16	14	19	15	16	15	12	14	13	11	9
BAD TIMES	59	61	59	56	44	43	52	49	55	55	52	52	55
NOT ASCERTAINED	7	7	6	5	10	6	7	6	5	4	5	4	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

The question was: "Looking ahead, which would you say is more likely--that in the country as a whole we'll have continuous good times during the next 5 years or so, or that we will have periods of widespread unemployment or depression, or what?"

CHART 20 - RECENT CHANGES
EXPECTED CHANGE IN UNEMPLOYMENT

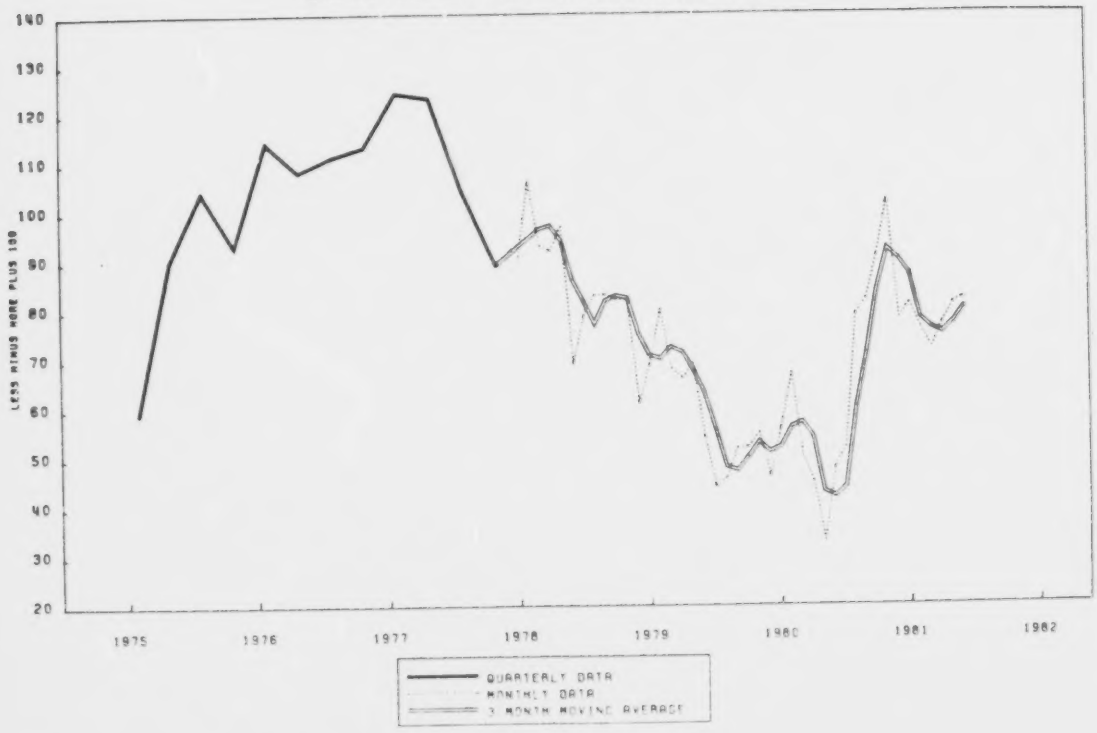

CHART 20 - HISTORICAL SERIES
EXPECTED CHANGE IN UNEMPLOYMENT

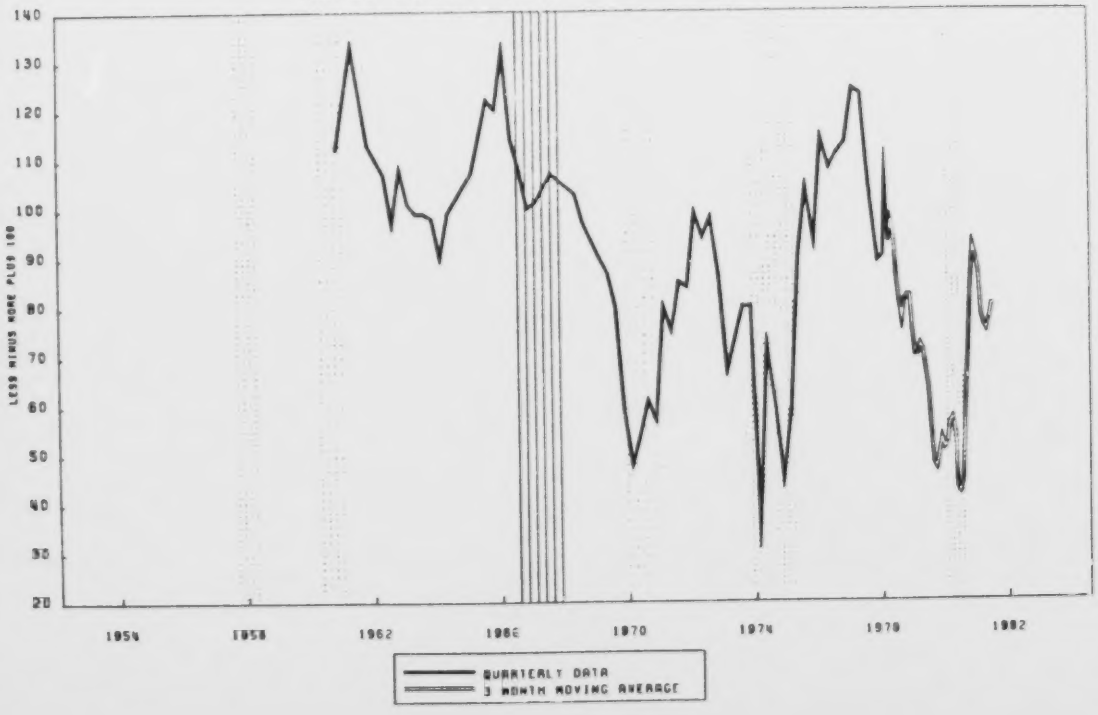

TABLE 20

EXPECTED CHANGE IN UNEMPLOYMENT

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
LESS	11%	11%	19%	22%	21%	26%	17%	19%	16%	13%	17%	17%	18%
SAME	25	30	38	36	46	47	41	41	42	43	41	46	44
MORE	63	59	40	40	30	24	39	38	40	41	40	36	36
DK, NA	1	*	3	2	3	3	3	2	2	3	2	1	2
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

The question was: "How about people out of work during the coming 12 months--do you think that there will be more unemployment than now, about the same, or less?"

* : Less than half of one percent.

CHART 21 - RECENT CHANGES

EXPECTED CHANGE IN INTEREST RATES

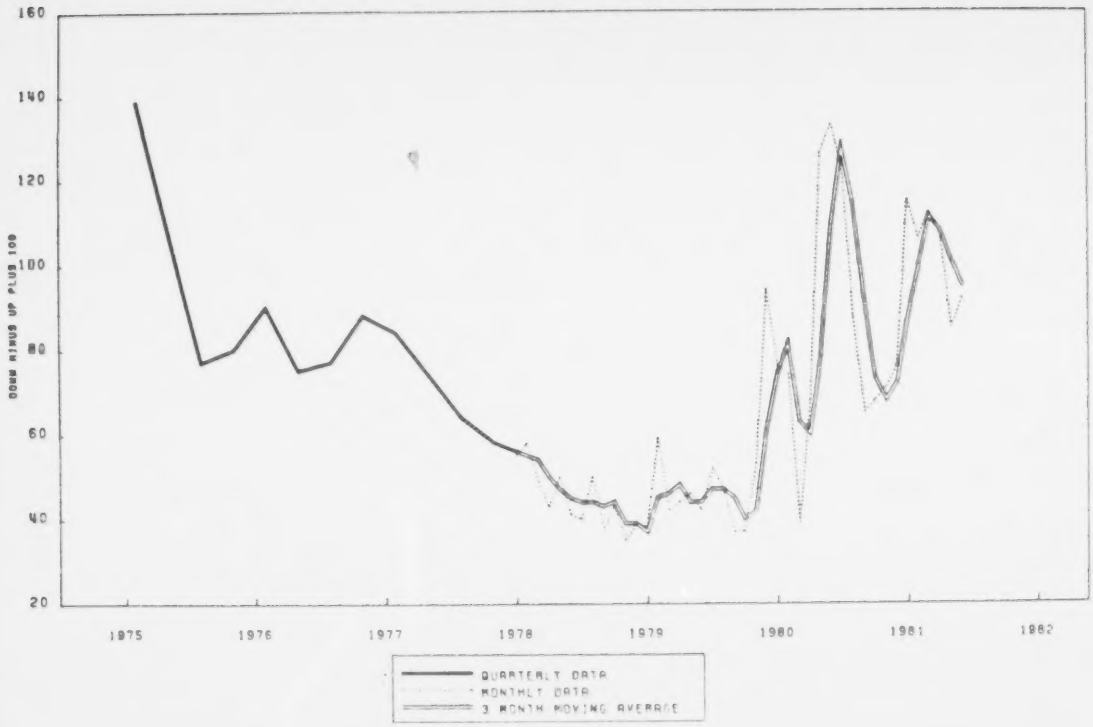

CHART 21 - HISTORICAL SERIES

EXPECTED CHANGE IN INTEREST RATES

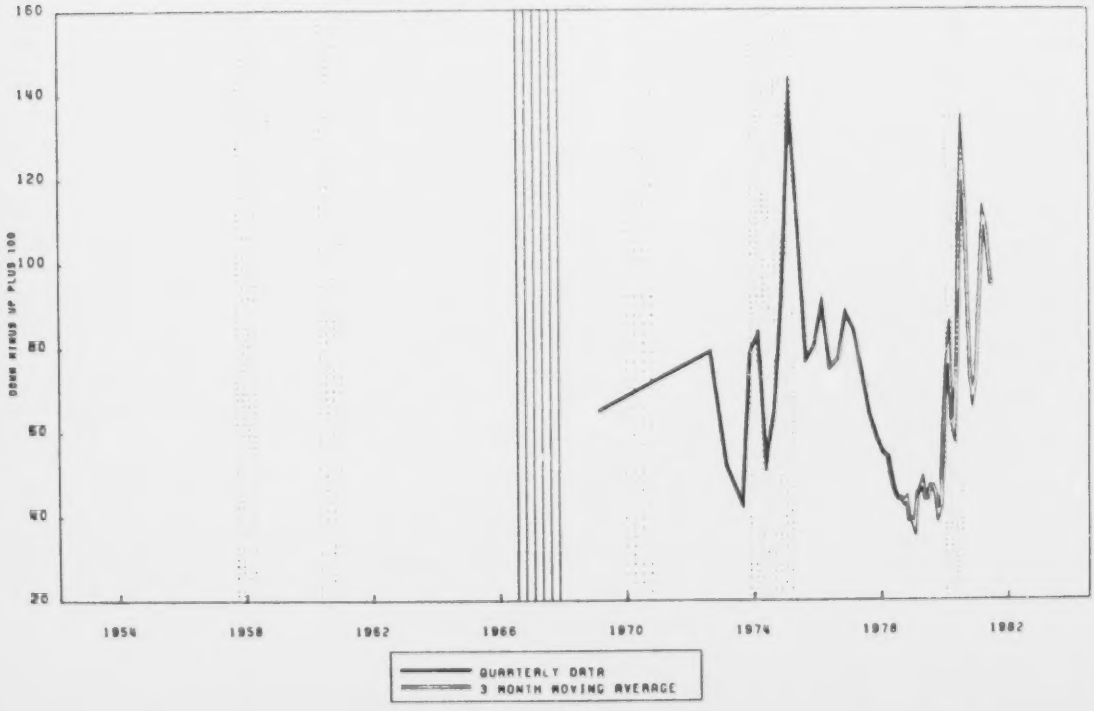

TABLE 21

EXPECTED CHANGE IN INTEREST RATES

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
GO UP	21%	21%	39%	53%	49%	51%	53%	29%	31%	29%	31%	41%	38%
STAY THE SAME	22	31	30	25	26	22	14	20	24	26	27	30	27
GO DOWN	54	44	26	18	17	22	29	44	37	41	38	26	30
DK, NA	3	4	5	4	8	5	4	7	8	4	4	3	5
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

The question was: "No one can say for sure, but what do you think will happen to interest rates for borrowing money during the next 12 months--will they go up, stay the same, or go down?"

CHART 22

CHANGE IN PRICES DURING THE LAST 12 MONTHS

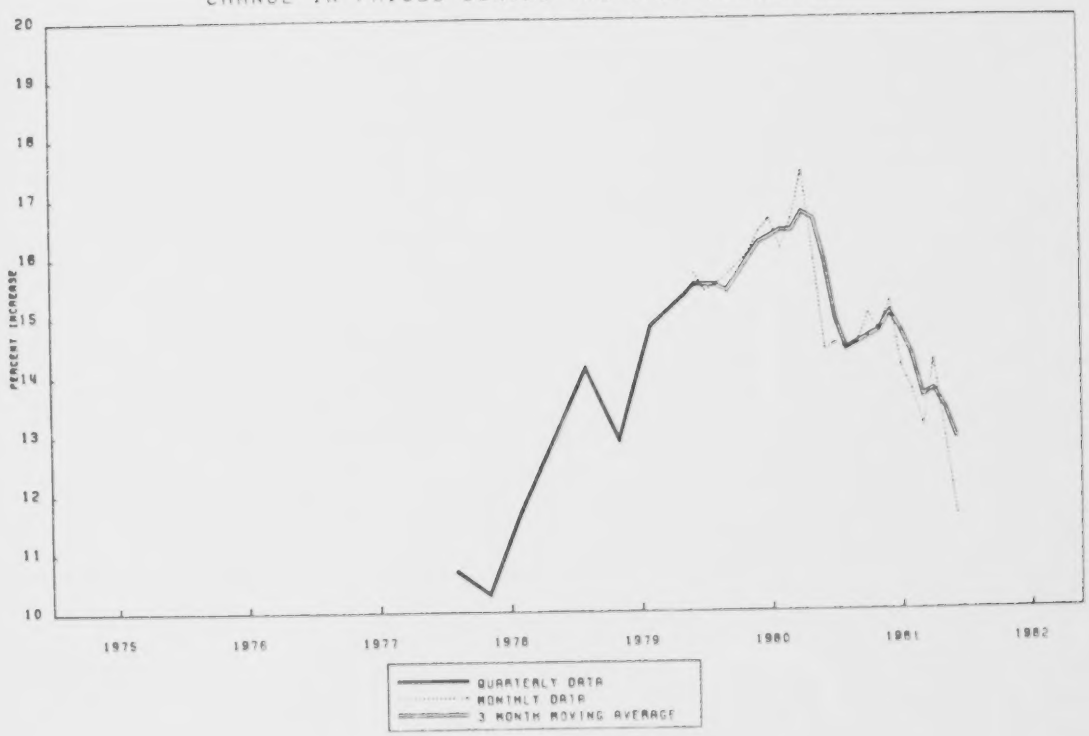

TABLE 22

CHANGE IN PRICES DURING THE LAST 12 MONTHS

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
SAME OR DOWN	6%	4%	4%	4%	2%	3%	2%	3%	2%	4%	4%	5%	9%
GONE UP BY:													
1-2%	1	3	2	2	3	2	2	2	3	2	4	2	4
3-4%	3	5	6	5	4	4	3	4	4	4	5	7	6
5%	6	7	8	7	11	7	9	7	8	7	6	8	8
6-9%	10	11	12	9	11	12	9	8	8	10	12	10	10
10-14%	25	22	20	24	23	27	26	31	32	29	26	31	25
15% or more	33	29	32	31	32	29	32	28	25	25	30	27	22
DK how much up	15	18	15	17	14	16	16	17	17	18	13	10	16
DK, NA	1	1	1	1	*	*	1	*	1	1	*	*	*
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	14.4	14.5	14.4	14.5	15.0	14.7	15.2	14.1	13.7	13.1	14.2	12.9	11.6
VARIANCE	140	168	160	151	169	161	158	130	128	111	156	123	112
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

The questions were: "During the last 12 months, have prices of the things you buy remained unchanged, or have they gone up, or have they gone down?" and "By about what percent do you think prices have gone up,on the average, during the last 12 months?"

* : Less than half of one percent.

CHART 23 - RECENT CHANGES

MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

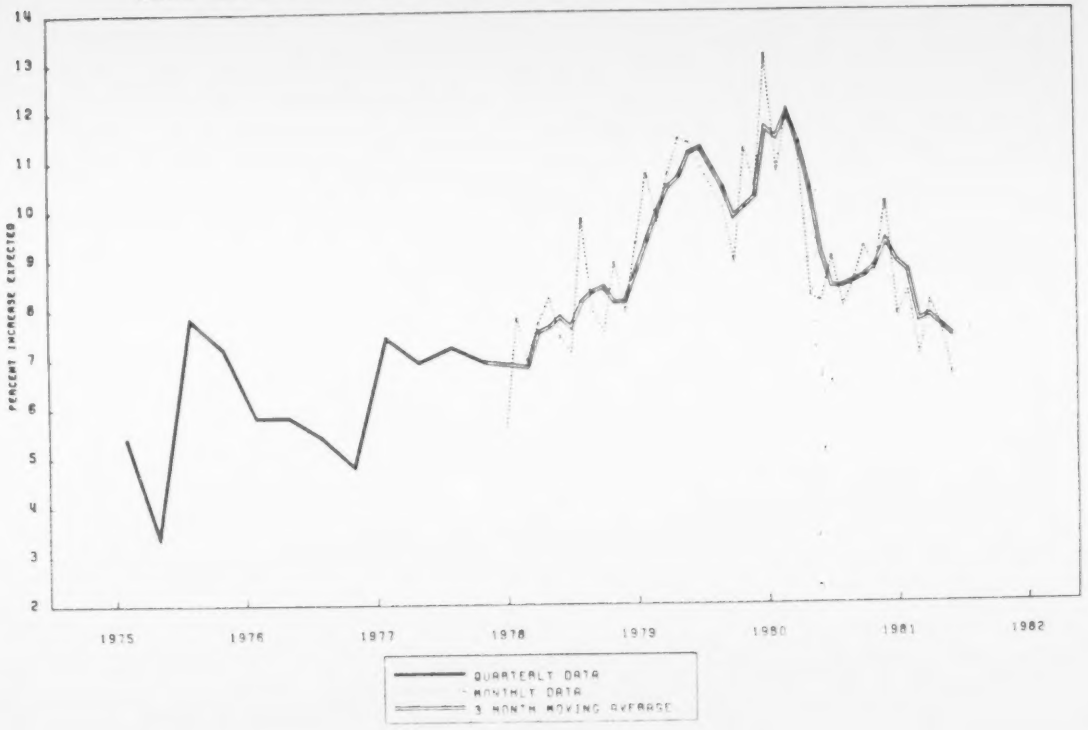

CHART 23 - HISTORICAL SERIES

MEAN EXPECTED PRICE INCREASE OVER THE NEXT 12 MONTHS

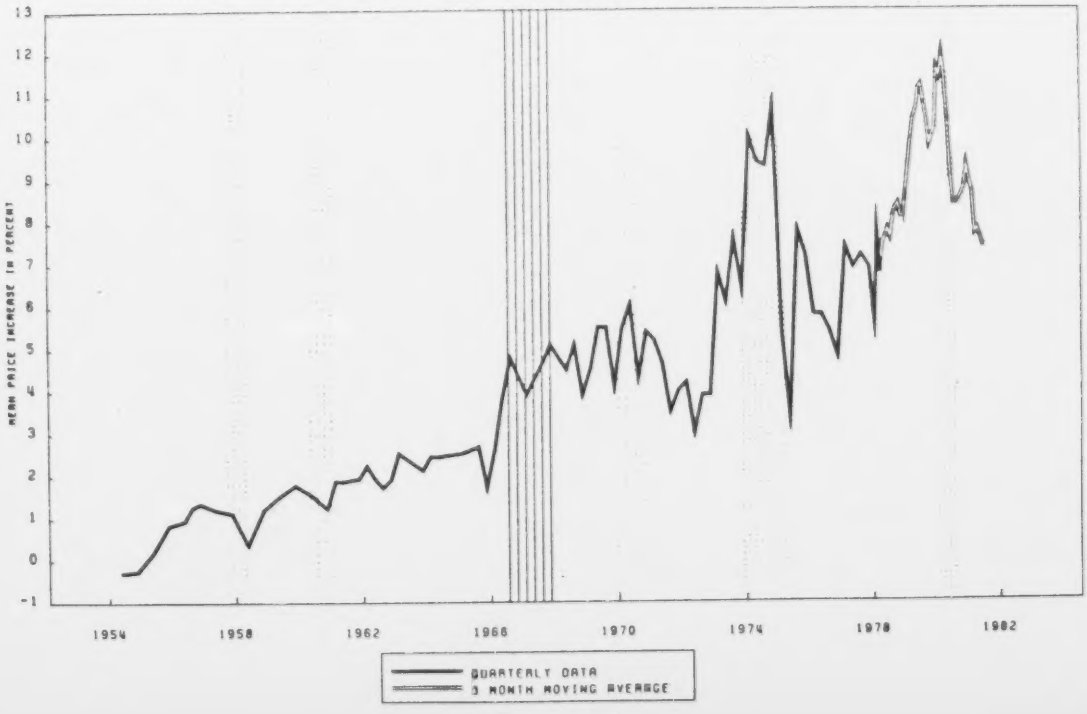

TABLE 23

EXPECTED CHANGE IN PRICES DURING THE NEXT 12 MONTHS

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
SAME OR DOWN	27%	22%	18%	17%	20%	25%	17%	21%	18%	26%	27%	25%	31%
WILL GO UP BY:													
1-2%	3	3	6	5	3	3	3	3	5	2	4	2	4
3-4%	6	5	7	5	6	5	5	6	9	8	7	8	6
5%	7	8	11	11	10	8	9	7	9	11	9	10	8
6-9%	10	10	12	10	10	12	11	12	12	11	9	13	12
10-14%	20	21	24	23	24	20	25	28	23	20	20	22	21
15% or more	14	15	10	13	16	14	18	9	12	9	14	11	10
DK how much up	10	13	11	13	9	11	10	11	10	11	8	7	7
DK,NA	3	3	1	3	2	2	2	3	2	2	2	2	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
MEAN INCREASE	8.1	9.0	8.0	8.5	9.2	8.7	10.1	7.8	8.3	7.0	8.1	7.6	6.6
VARIANCE	89	95	71	68	100	102	107	54	74	57	97	79	57
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

The questions were: "During the next 12 months, do you think that prices in general will go up, or go down, or stay where they are now?" and "By about what percent do you expect prices to go up, on the average, during the next 12 months?"

CHART 24 - RECENT CHANGES

UNEMPLOYMENT OR INFLATION MORE SERIOUS

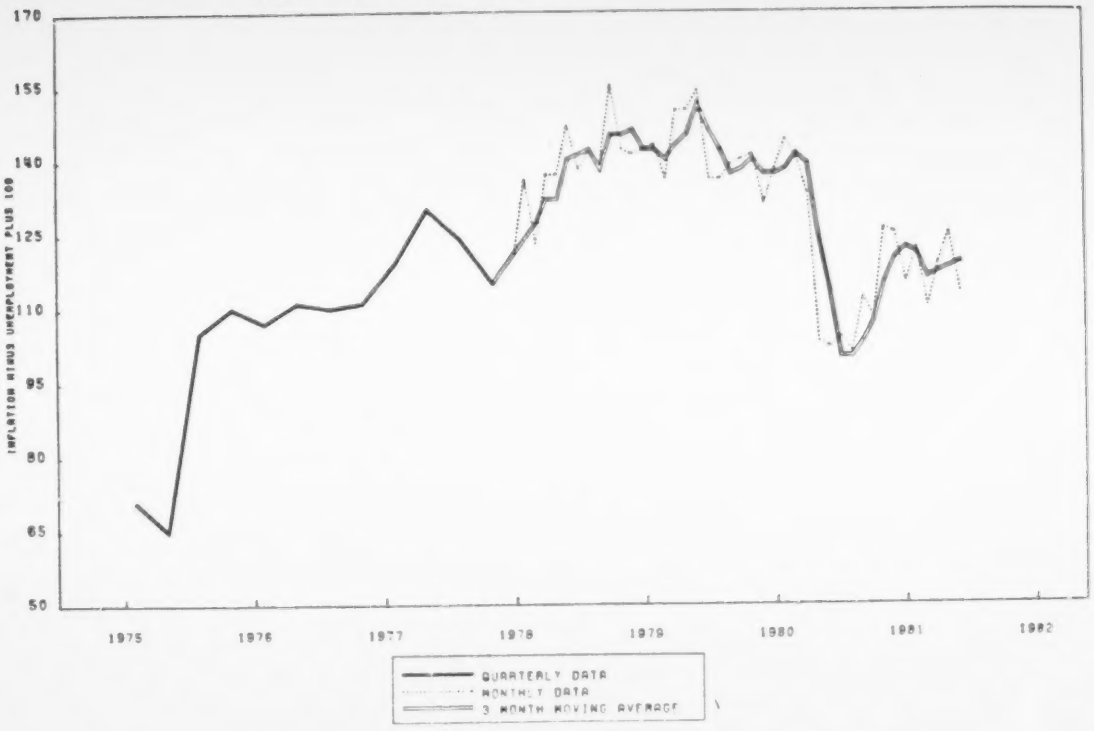

CHART 24 - HISTORICAL SERIES

UNEMPLOYMENT OR INFLATION MORE SERIOUS

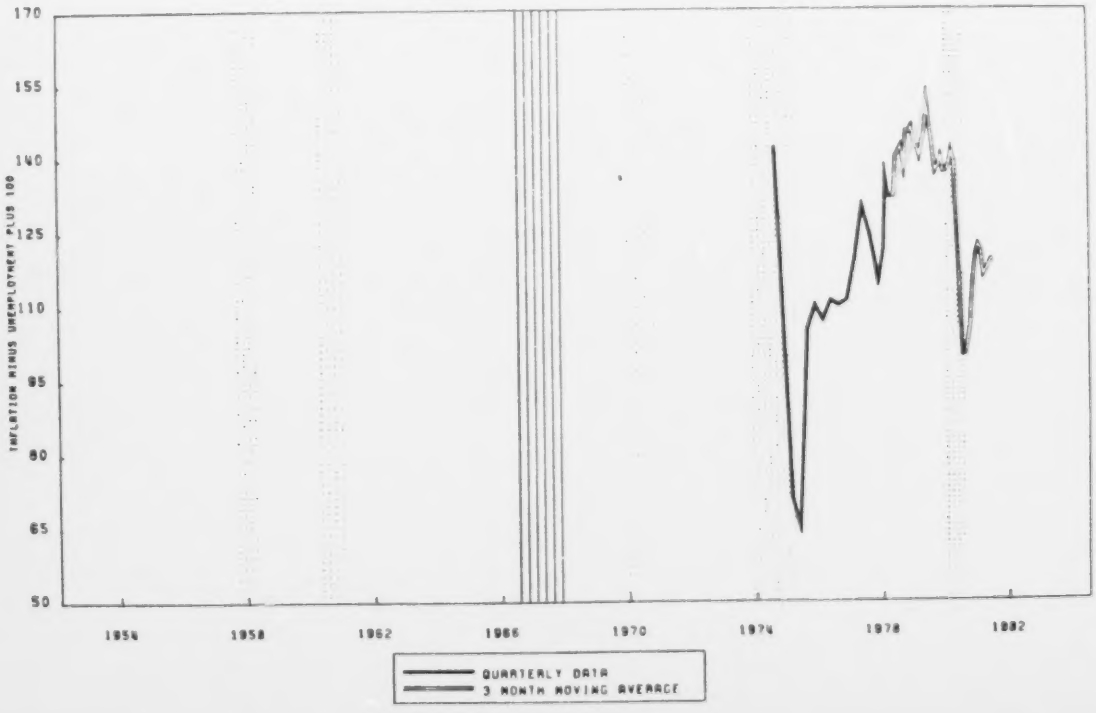

TABLE 24

UNEMPLOYMENT OR INFLATION MORE SERIOUS ECONOMIC HARDSHIP

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
UNEMPLOYMENT	43%	45%	43%	38%	40%	31%	32%	34%	34%	39%	35%	33%	36%
BOTH EQUALLY SERIOUS	11	11	10	9	11	11	9	14	8	11	8	8	14
INFLATION	45	41	44	50	48	57	57	49	56	49	54	58	49
DK, NA	1	3	3	3	1	1	2	3	2	1	3	1	1
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

The question was: "Which of the two problems--unemployment or inflation--do you think will cause the more serious economic hardship for people during the next year or so?"

CHART 25 - RECENT CHANGES

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

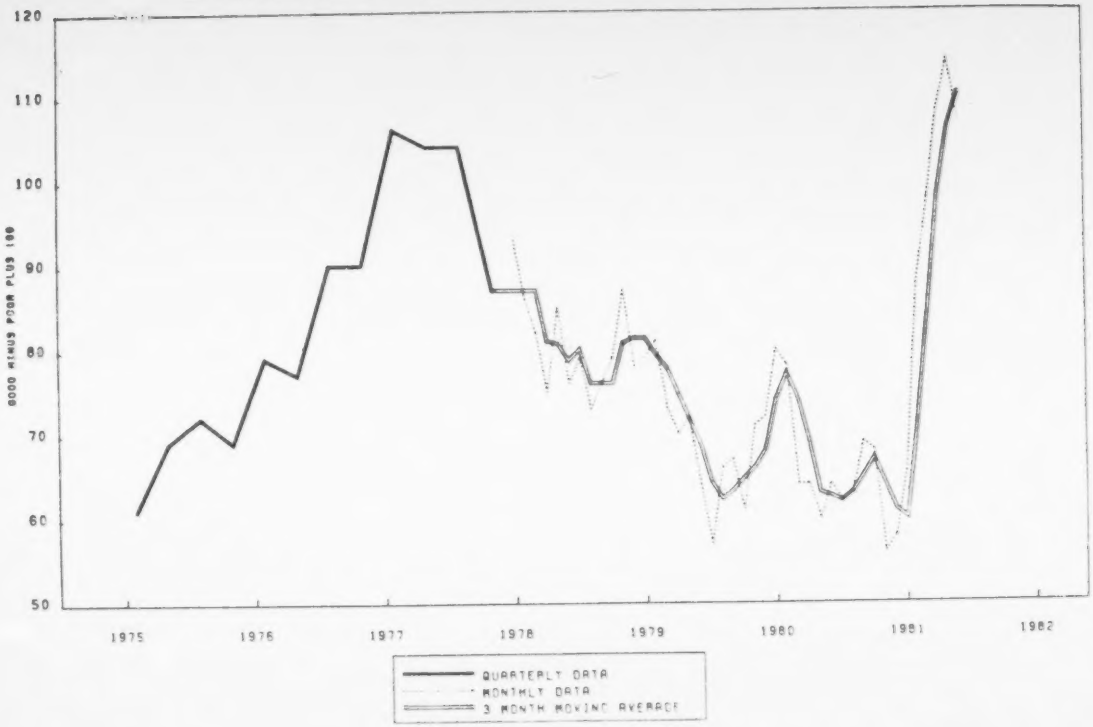

CHART 25 - HISTORICAL SERIES

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

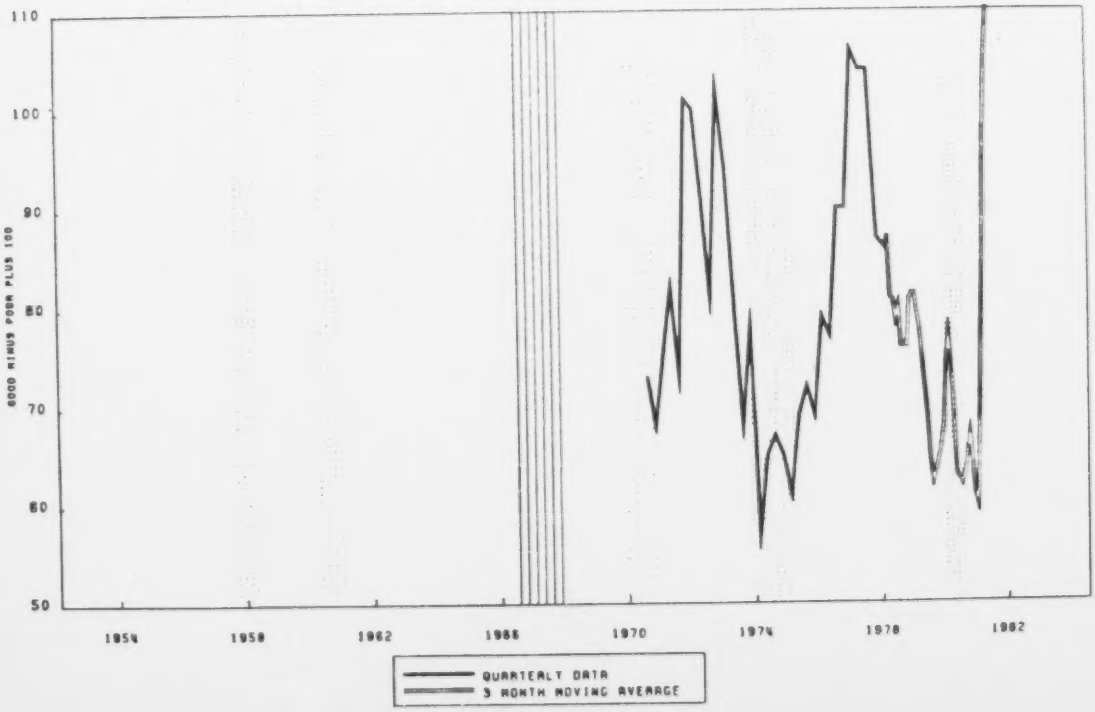

TABLE 25

OPINIONS ABOUT THE GOVERNMENT'S ECONOMIC POLICY

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
A GOOD JOB	10%	9%	8%	10%	8%	6%	7%	10%	19%	22%	28%	30%	25%
ONLY FAIR	40	41	45	46	50	41	42	42	40	45	47	49	54
A POOR JOB	46	47	45	41	40	50	49	44	31	25	20	16	18
DK,NA	4	3	2	3	2	3	2	4	10	8	5	5	3
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

The question was: "As to the economic policy of the government--I mean steps taken to fight inflation or unemployment--would you say the government is doing a good job, only fair, or a poor job?"

CHART 26 - RECENT CHANGES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

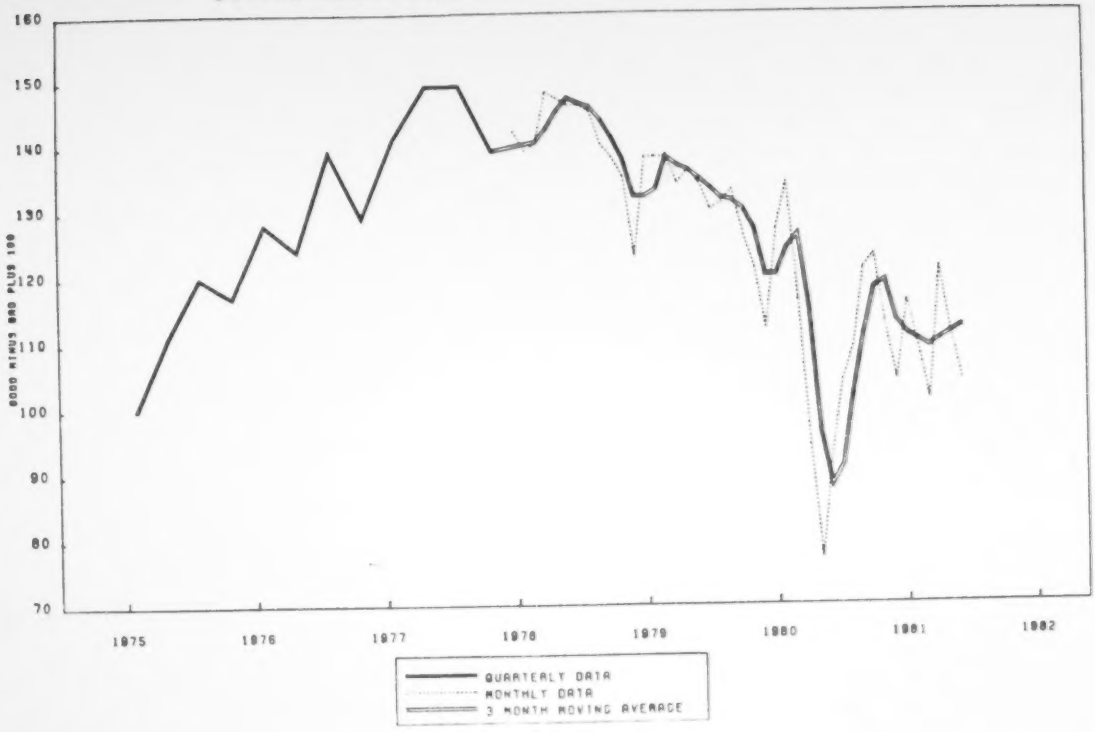

CHART 26 - HISTORICAL SERIES

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

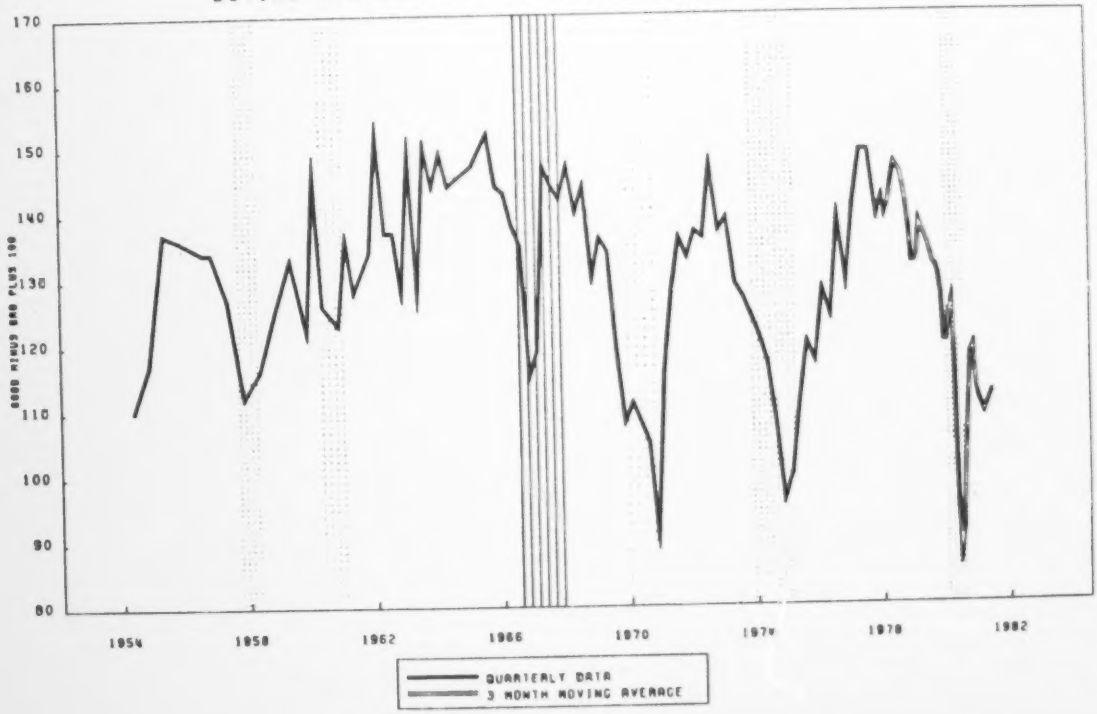

TABLE 26

BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
GOOD TIME TO BUY	41%	44%	47%	52%	55%	50%	45%	50%	47%	43%	54%	50%	44%
UNCERTAIN, DEPENDS	11	16	15	17	13	12	14	16	15	15	13	11	16
BAD TIME TO BUY	48	40	38	31	32	38	41	34	38	42	33	39	40
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

The question was: "About the big things people buy for their homes--such as furniture, a refrigerator, stove, television, and things like that. Generally speaking, do you think now is a good or a bad time for people to buy major household items?"

TABLE 27

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR LARGE HOUSEHOLD GOODS +

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
GOOD TIME TO BUY:													
Prices are low; good buys available	16%	19%	17%	18%	20%	20%	17%	23%	23%	22%	21%	16%	20%
Prices won't come down; are going higher	26	22	27	31	30	31	24	28	24	23	31	30	23
Interest rates low; credit is easy	3	5	5	3	4	2	3	2	3	1	2	3	1
BAD TIME TO BUY:													
Prices are high	29	23	23	20	16	23	26	17	24	23	19	25	22
Interest rates are high; credit is tight.	24	19	16	13	17	17	22	25	26	22	17	18	23
Lack of purchasing power	15	20	14	12	11	11	11	11	13	16	12	9	13

Responses to the query: "Why do you say so?" following the question on Table 26.

+ : May add to more than 100% due to multiple mentions.

CHART 28 - RECENT CHANGES
BUYING CONDITIONS FOR HOUSES

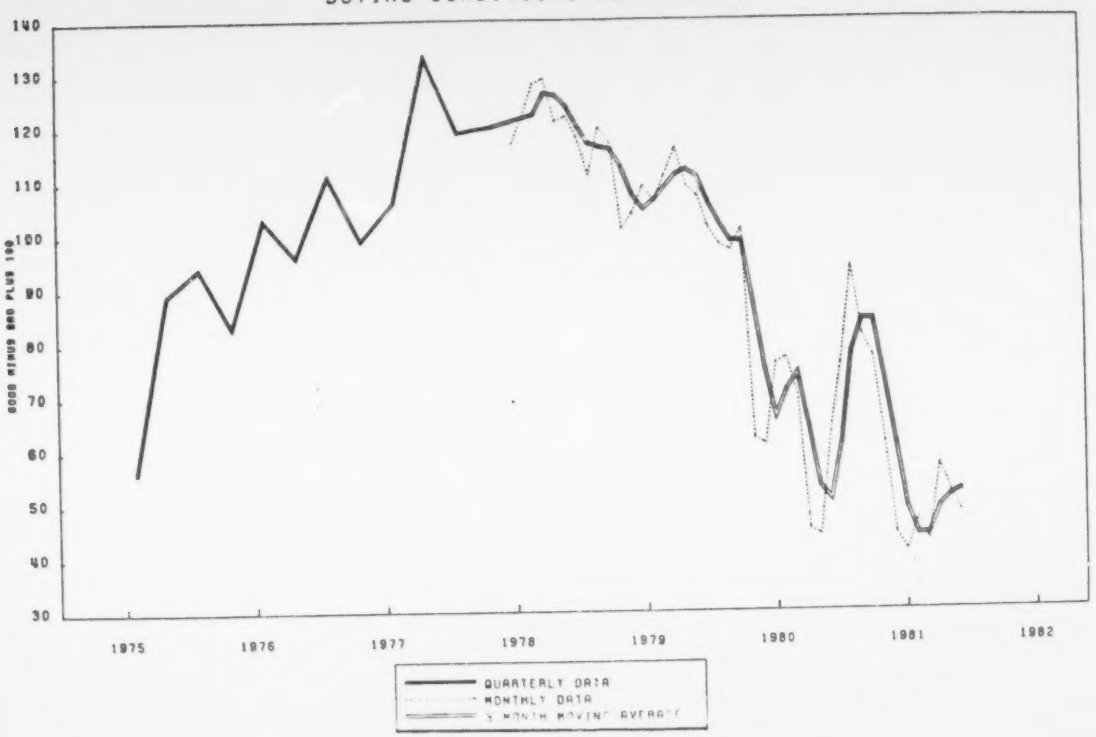

CHART 28 - HISTORICAL SERIES
BUYING CONDITIONS FOR HOUSES

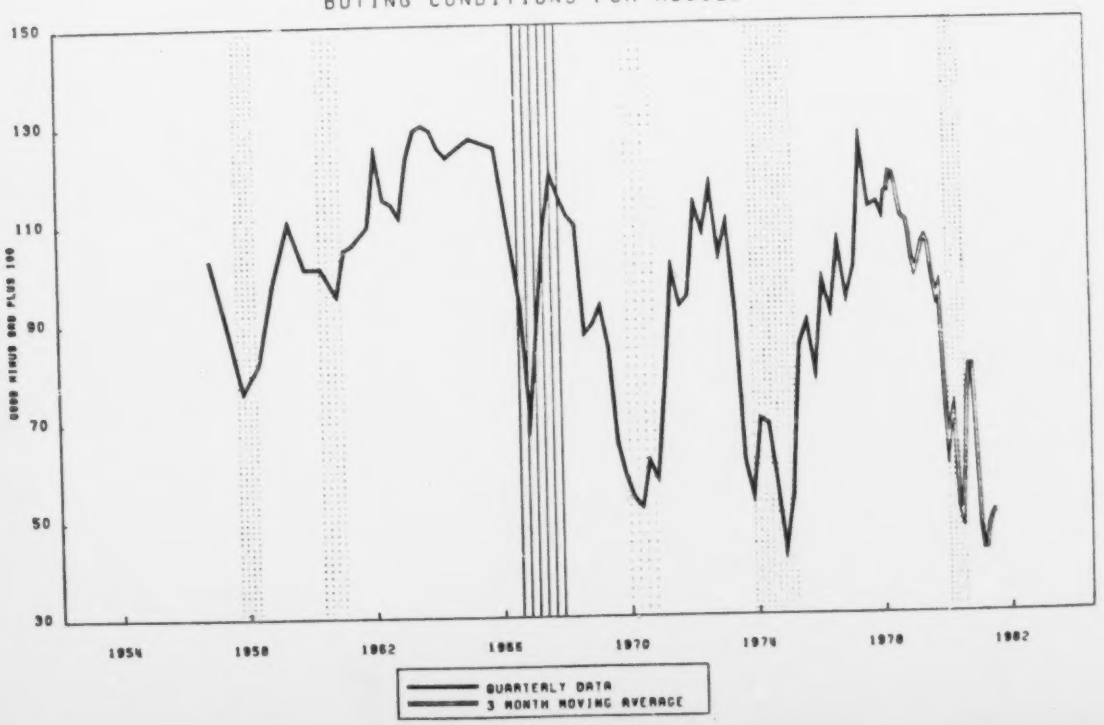

TABLE 28

BUYING CONDITIONS FOR HOUSES

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
GOOD TIME TO BUY	29%	34%	44%	38%	36%	28%	19%	18%	21%	20%	26%	24%	20%
UNCERTAIN, DEPENDS	5	8	6	5	5	5	6	5	5	3	5	4	8
BAD TIME TO BUY	66	58	50	57	59	67	75	77	74	77	69	72	72
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

The question was: "Generally speaking, do you think now is a good time or a bad time to buy a house?"

TABLE 29

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR HOUSES +

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
GOOD TIME TO BUY:													
Prices are low; good buys available	6%	9%	9%	7%	4%	4%	4%	3%	5%	4%	5%	5%	5%
Prices won't come down; are going higher	11	12	14	17	17	16	10	12	10	9	12	10	10
Interest rates low; credit is easy	16	23	28	22	16	10	6	4	7	5	9	7	5
Good investment	5	6	10	9	8	7	6	7	10	7	8	6	6
BAD TIME TO BUY:													
Prices are high	27	30	26	29	27	28	28	32	31	32	30	28	30
Interest rates are high; credit is tight	66	53	41	50	56	66	77	76	73	76	66	71	71
Lack of purchasing power	10	15	12	11	12	11	12	10	14	13	12	11	13

Responses to the query: "Why do you say so?" following the question on Table 28.

+ : May add to more than 100% due to multiple mentions.

CHART 30 - RECENT CHANGES
BUYING CONDITIONS FOR CARS

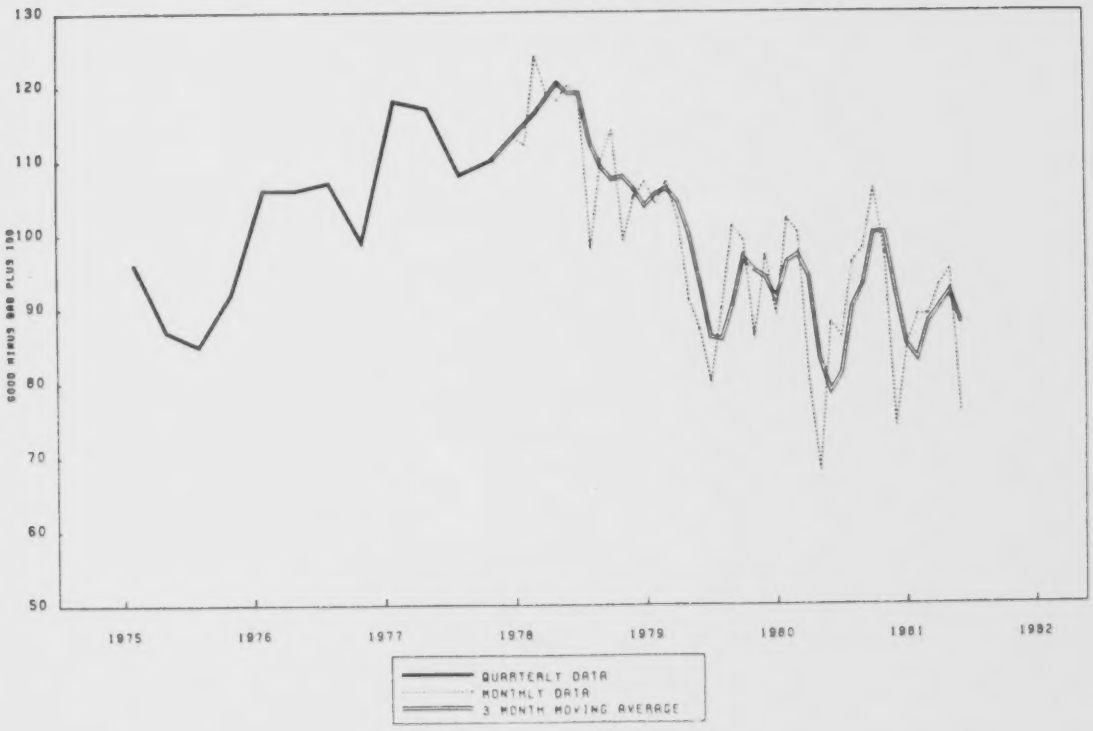

CHART 30 - HISTORICAL SERIES
BUYING CONDITIONS FOR CARS

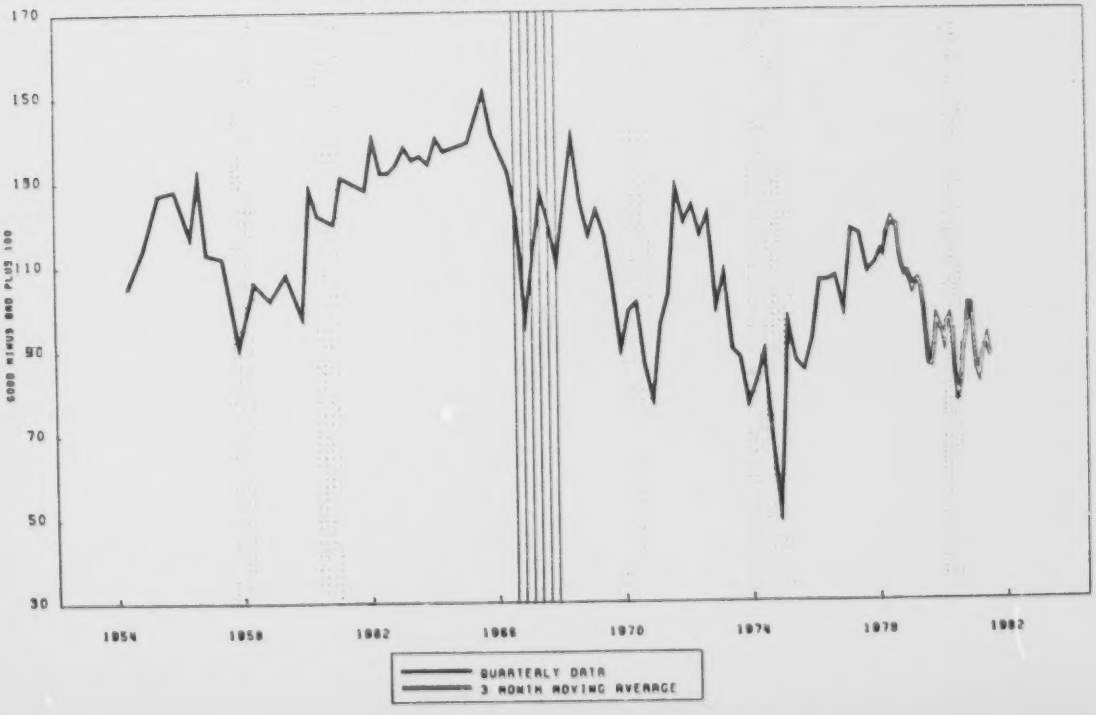

TABLE 30

BUYING CONDITIONS FOR CARS

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
GOOD TIME TO BUY	37%	36%	42%	42%	45%	41%	33%	36%	39%	39%	42%	44%	33%
UNCERTAIN; DEPENDS	14	14	12	14	16	15	8	13	11	11	9	7	10
BAD TIME TO BUY	49	50	46	44	39	44	59	51	50	50	49	49	57
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

The question was: "Speaking now of the automobile market--do you think the next 12 months or so will be a good time or a bad time to buy a car?"

TABLE 31

SELECTED REASONS FOR OPINIONS ABOUT BUYING CONDITIONS FOR CARS +

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
GOOD TIME TO BUY:													
Prices are low; good buys available	27%	25%	24%	20%	17%	17%	13%	18%	22%	30%	25%	23%	14%
Prices won't come down; are going higher	9	13	12	19	17	16	12	13	12	10	19	15	12
Interest rates low; credit is easy	3	4	4	4	3	3	4	5	3	2	3	4	2
New fuel efficient models	5	3	7	9	12	7	5	4	4	6	4	5	5
BAD TIME TO BUY:													
Prices are high	24	27	27	31	23	28	31	33	31	34	31	33	34
Interest rates are high; credit is tight	22	11	11	10	14	17	29	28	27	21	22	17	28
Lack of purchasing power	6	9	9	6	8	7	9	7	7	10	8	6	6
Price of gas; shortages	9	6	5	5	4	4	5	4	8	6	5	3	2
Poor selection; quality	10	13	13	11	13	10	12	9	9	9	8	10	9

Responses to the query: "Why do you say so?" following the question on Table 30.

+ : May add to more than 100% due to multiple mentions.

TABLE 32

PLANS TO PURCHASE AN AUTOMOBILE DURING THE NEXT 12 MONTHS

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
PROBABLY WILL BUY	12%	17%	16%	16%	15%	17%	14%	15%	16%	14%	15%	17%	17%
CHANCES ARE EVEN	8	5	7	6	7	6	6	8	7	6	8	9	8
PROBABLY WILL NOT BUY	68	67	61	70	67	66	67	66	62	67	65	63	66
DK,NA	12	11	16	8	11	11	13	11	15	13	12	11	9
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
CASES	688	668	658	682	685	694	684	698	668	703	690	667	675

The question was: "What do you think are the chances that you (or anyone else in your family living there) will buy or lease a car during the next 12 months--would you say you probably will, probably will not, or are the chances about even, or what?"

TABLE 33

CURRENT VEHICLE PURCHASE INTENTIONS

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
PROPORTION WITH CURRENT PURCHASE INTENTIONS:	20%	22%	23%	22%	22%	23%	20%	23%	23%	20%	23%	26%	25%
PURCHASE TYPE:													
Buy new	9	10	8	11	12	11	8	11	10	9	11	11	10
Buy used	7	11	12	9	7	9	9	8	10	9	10	12	11
Lease	1	1	1	1	2	*	1	1	1	1	1	1	2
DK, NA	3	*	2	1	1	3	2	3	2	1	1	2	2
PURCHASE TIMING:													
Next 3 months	1	5	3	1	3	4	2	3	1	1	5	5	2
Next 4-6 months	6	5	5	6	4	3	3	5	6	4	8	5	7
Next 7-9 months	5	3	4	2	7	6	5	6	7	5	5	7	7
10 months or more	5	4	4	4	4	4	5	4	3	5	2	3	5
DK, NA	3	5	7	9	4	6	5	5	6	5	3	6	4

If response was "PROBABLY WILL BUY" or "CHANCES ARE EVEN" in Table 32, then the questions were: "If you do buy or lease a car, would it be a new car, or a used car?" , "Would you buy or lease?" and "When do you think you might buy or lease a car?"

* : Less than half of one percent.

TABLE 34

FUTURE VEHICLE PURCHASE INTENTIONS

	June 1980	July 1980	Aug. 1980	Sept 1980	Oct. 1980	Nov. 1980	Dec. 1980	Jan. 1981	Feb. 1981	Mar. 1981	Apr. 1981	May 1981	June 1981
PROPORTION WITH FUTURE PURCHASE INTENTIONS:	68%	67%	61%	70%	67%	66%	67%	66%	62%	67%	65%	63%	66%
PURCHASE TYPE:													
Would buy new	38	40	35	38	44	38	37	35	33	34	39	37	37
Would buy used	27	24	24	30	20	26	27	29	28	28	24	25	27
DK,NA	3	3	2	2	3	2	3	2	1	5	2	1	2
PURCHASE TIMING:													
Less than 2 years	6	4	6	5	5	6	7	6	5	6	9	6	5
2 years	21	20	18	23	20	23	20	17	23	23	19	22	20
3 years	11	10	8	12	15	11	12	12	9	9	9	10	11
4 years or more	20	21	21	18	15	15	18	19	16	19	22	15	20
Indefinite	3	4	4	4	3	5	3	5	3	3	3	4	5
DK,NA	7	8	4	8	9	6	7	7	6	7	3	6	5

If response was "PROBABLY WILL NOT BUY" in Table 32, then the questions were: "If you were to buy a car, would it be a new car or a used car? and "How long do you think it may be before will buy or lease a car?"

EU 7475 2 7/10/81 (A)

June 26, 1981

JUNE 1981 MONTHLY SURVEY

Surveys of Consumer Attitudes

Richard T. Curtin, *Director*

CROSSCURRENTS ERODE RECENT GAINS

** In the June 1981 survey, the Index of Consumer Sentiment was 73.1, down 3.2 Index points from the May reading, but 14.4 Index points above the year earlier level. Despite the small monthly decline, the second quarter 1981 surveys taken as a whole indicate an improved outlook from the first quarter of 1981. Expected decreases in the rate of inflation and a continued concern with high interest rates have on balance prompted some improvement in the general outlook for business conditions. These same cross-currents in expectations, however, have depressed favorable attitudes toward buying conditions.

** Among families with incomes of $25,000 or more, the Index was 82.9 in June, down from 85.0 in May, but nearly 20 Index points above the year-earlier reading.

** Business expectations for both the next 12 months and 5 years remained unchanged during the past several months. While both were on balance unfavorable in June 1981, the proportion that expected good times during the next 12 months rose to 41 percent, from 18 percent in June 1980 and the proportion expecting good times during the next five years was 33 percent, up from 22 percent in June 1980. Renewed confidence in government economic policies was the major factor responsible for the improvement in business expectations.

** The rate of inflation expected by consumers during the year ahead fell to 6.6% in June 1981, from 7.6% in May, and 8.1% in June 1980. The June 1981 figure was the first monthly survey to record an expected inflation rate of less than 7% in more than three years. Interest rate expectations improved somewhat during the past month, with the proportion that expect interest rate declines in the year ahead increasing to 30 percent in June 1981, from 26 percent in May. Unlike price expectations, interest rate expectations are considerably less favorable than year earlier readings. In June 1981, 38 percent of all families expected further increases in interest rates, up from 21 percent in June 1980. On balance, consumers more frequently expected interest rate increases rather than declines during the year ahead.

** Favorable attitudes toward buying conditions for autos, houses and household durables each declined in the June 1981 surveys from the May readings. High interest rates remained the dominant unfavorable force in all three markets.

* * *

By mid year 1981, consumer sentiment had improved by a substantial margin, despite the recent erosion in sentiment. The improvement has been uneven, however, with much of the gain based on expected improvement rather than actual developments. During the past six months, the major source of this optimism has been renewed confidence in the economic policies proposed by the administration. In the June 1981 survey, some erosion in confidence was recorded. Although expected inflation rates have declined, interest rate expectations hve not, and this heightened concern with the real cost of credit has stifled favorable buying attitudes.

Monitoring Economic Change Program
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Personal Finances

Consumers' attitudes toward their current financial situation were somewhat less favorable in June 1981 than one month earlier. Among all families, 40 percent reported in June 1981 that their personal financial situation had worsened during the past year, up from 36 percent in May, but below the 47 percent recorded in June 1980. In each survey conducted during the past two years, the proportion that reported a worsened financial situation has consistently exceeded the proportion that reported improvement.

Expected improvements in personal finances during the year ahead were also reported somewhat less frequently in June 1981 (32 percent), than one month earlier (34 percent). Expectations for future financial improvement, however, unlike the evaluations of their current situation, have posted significant gains during the past two years, with improvement rather than deterioration more frequently expected for more than a year now.

Business Conditions

Although current business conditions are still viewed more often as having worsened rather than improved during the past year, evaluations have continued to grow more optimistic in the June 1981 survey. Among all families, 31 percent reported that business conditions had improved during the past year, up from just 4 percent in June 1980. The proportion that reported a worsening economy fell to 49 percent (the first survey in more than two years to record less than 50 percent), from 90 percent in June 1980.

In June 1981 business conditions were expected to improve (36 percent) more frequently than worsen (19 percent) in the year ahead. Favorable business expectations increased rapidly during the last half of 1980, but since then have remained largely unchanged at greatly improved levels. When asked why they thought business conditions would improve or worsen, favorable references to the expected impact of government economic policies have dominated responses since the election of President Reagan. In June 1981, 25 percent of all respondents spontaneously referred to government economic policies when explaining their favorable business expectations, unchanged from the May reading, but below the 35 percent recorded in January 1981. Unfavorable references to government economic policies, however, increased somewhat in the June 1981 survey to 12 percent, up from 8 percent in May. Overall confidence in government economic policies to combat inflation and unemployment declined somewhat in the June 1981 survey. Among all

families, 25 percent rated government economic policies favorably in June 1981, down from 30 percent in May. Despite this small decline, confidence in government economic policy remained more favorable in early 1981 than at any other time during the last decade.

Market Conditions

Attitudes toward market conditions for autos, houses, and household durables each declined in the June 1981 survey. Attitudes toward buying conditions for houses remained near record low levels in the June 1981 survey. Among all families, 72 percent rated buying conditions for houses as unfavorable, unchanged from May, and above the 66 percent recorded in June 1980. The past declines in price expectations have led to a decrease in buy-in-advance rationales, while at the same time, heightened concern with interest rates has prompted postponement of purchases. In comparison with four years earlier, buy-in-advance price rationales fell from 47 percent in the second quarter of 1977 to just 10 percent in the June 1981 survey, while unfavorable references to high interest rates rose from 10 percent in the second quarter of 1977, to 71 percent in the June 1981 survey.

The largest declines in buying attitudes in the June 1981 survey were recorded in attitudes toward market conditions for autos. Among all families, 33 percent rated buying conditions favorably in June 1981, down from 44 percent in May, and 37 percent in June 1980. Unfavorable evaluations of buying conditions for autos rose to 57 percent in June, above the 49 percent recorded both one-month and one-year earlier. When asked to explain their views, fewer respondents mentioned price reductions or rebates in June 1981 (14 percent) than in May (23 percent), and respondents more frequently referred to the negative impact of high interest rates in June 1981 (28 percent) than in May (17 percent). During the past several years, there have been only two surveys which recorded less favorable attitudes toward the auto market--in May 1980 and December 1980. A common element in each of these surveys was the frequency of references to high interest: In May 1980 and December 1980 the peak level of 29 percent was recorded, while in June 1981 the level reached 28 percent. In comparison with a year earlier, fewer respondents mentioned good buys at low prices (falling from 27 to 14 percent), while more frequently reported postponement due to high prices (from 24 to 34 percent).

Attitudes toward buying conditions for large household durables were less favorable in June 1981 than one month earlier, but somewhat more favorable than year earlier readings. Among all families, 44 percent rated buying conditions favorably for durables in June 1981, down from 50 percent in May, and above the

41 percent recorded in June 1980. When evaluating market conditions for household durables, unfavorable references to high interest rates reached 23 percent in June 1981, up from 18 percent in May.

* * *

The June 1981 survey contained 675 interviews, conducted between May 26 and June 22.